

**Examination of Certain Policies, Procedures, Controls, and
Financial Activity of the Gallatin County School District**



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ADAM H. EDELEN
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January 15, 2015

Alex Tainsh, Chairman
Gallatin County School District
75 Boardwalk
Warsaw, Kentucky 41095

RE: Findings and Recommendations

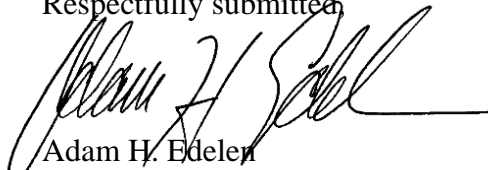
Dear Chairman Tainsh:

We have completed our Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Gallatin County School District (District). This examination resulted in six findings and offers multiple recommendations to strengthen the management and internal controls of the District. While thoroughly examined, certain concerns expressed to this office could not reasonably be substantiated through documentation or interviews and did not result in a report finding. Other issues were found to have already been resolved by the District prior to the initiation of the examination process.

To address the concerns expressed to this office, we requested and examined certain District financial and other records for the examination period July 1, 2009 through June 30, 2014, unless otherwise stated. These records included, but not limited to, Board meeting minutes, salary schedules, staff salaries, Board members' and selected staff's travel and expense reimbursements, vendor payments, certain District employee contracts, and MUNIS user access rights. Our review included discussions and interviews with numerous Board members, District staff, a contractor, and both the former and current Superintendents.

The Auditor of Public Accounts requests a report from the District on the implementation of the examination recommendations within (60) days of the completion of the final report. If you wish to discuss this report further, please contact me or Brian Lykins, Executive Director of the Office of Technology and Special Audits.

Respectfully submitted,


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Auditor of Public Accounts

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Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Gallatin County School District

Scope and Objectives

The Auditor of Public Accounts (APA) received numerous concerns regarding activities of the Gallatin County School District (District). After careful consideration of these concerns, the APA initiated an examination of the District to review certain financial controls, processes, and activities of the District. The purpose of this examination was not to provide an opinion on the District's financial statements or activities, but was designed to review the specific issues brought to the attention of this office and, when needed, make recommendations to strengthen internal controls and processes for the benefit of the District.

After examining the requested documentation and conducting interviews to address the concerns expressed to auditors throughout this examination process, auditors, as presented in this report, developed findings and made recommendations for improving procedures and internal controls. While thoroughly examined, certain concerns expressed to this office could not reasonably be substantiated through documentation or interviews and did not result in a report finding.

The District

The District is the only public school system serving Gallatin County, a county with a population of approximately 8,500. The District serves approximately 1,600 students enrolled in four schools: two elementary schools, one middle school, and one high school. All District schools are located in the county seat of Warsaw, Kentucky.

During the 2013-2014 school year, the District employed approximately 112 classified and 127 certified fulltime equivalent staff, 103 of which were teachers. The pupil/teacher ratio was 16 students for every one teacher. According to reports from the 2012-2013 school year, the District's average annual expenditure per student was \$13,144.

For the year ended June 30, 2014, the District's financial statements identify \$17,260,830 in total revenues and \$17,491,014 in total expenditures.

Findings and Recommendations

Finding 1: A contracted financial consultant and the District Finance Director had duplicate duties.

Since June 26, 2000, the District has contracted with a Financial Consultant to provide services that were similar to or the same as many of the duties required of the District Finance Director. According to both previous and current District leadership, this was primarily due to the Finance Director not having the expertise to carry out higher level financial and accounting functions. This resulted in the necessary outsourcing of these functions to a contractor. Despite the need to contract for these services, the Finance Director was still compensated similarly to Finance Directors at other school districts where such outsourcing is not needed.

Recommendations: We recommend that the District seek out and hire a qualified Finance Director with sufficient expertise to complete all higher level duties of the position. In addition, the Superintendent should evaluate staffing within the Financial Department and determine whether an additional clerk position is necessary to complete some of the day-to-day tasks that were being performed previously by the Finance Director. We recommend that the District establish the minimum qualifications for the Finance Director position to meet the requirements of KRS 160.431. This includes the new certification requirements that will eventually be established by the Kentucky Department of Education through Kentucky Administrative Regulations as a result of changes made to KRS 160.431 during the 2014 legislative session.

Finding 2: The Finance Director was paid for additional duties that were not approved by the Board.

During the four-year period for fiscal years 2011 through 2014, the District paid the Finance Director a total of \$26,089.80 for extra duties she performed that were not specified within any of the Board approved salary schedules. The extra duties caused the Finance Director to receive additional pay by working beyond the number of annual contracted work days and specified daily hours. According to KRS 160.290 and KRS 160.291, it is the responsibility of the Board to fix the compensation of all District employees, including

payment for extra duties and services. In addition, the Board also approves all employee job descriptions that are attached to the employee contracts and any modifications made to them. No Board action was taken to modify the salary schedules or approve a change to the number of contracted work days required of the Finance Director.

Recommendations: We recommend that the District ensure any extra duties or services assigned to staff be authorized within a Board approved salary schedule. We also recommend that any additional duties be specifically added to the employee's job description and approved by the Board.

Finding 3: The contracted Financial Consultant self-directed certain contracted duties and undertook others not specified in the contract.

Based on interviews with District staff and the Financial Consultant, it appears the contracted Financial Consultant completed certain contracted duties without direction from management or staff and undertook other job tasks not specifically included within the contract without being requested. Due to the Financial Consultant being paid on an hourly basis, any extra work being completed without a request from the District likely resulted in an added cost to the District for services it may not have needed. Staff also reported that since the activities of the Financial Consultant appeared to be self-directed, it created a confused supervisory structure within the Financial Department.

Recommendations: We recommend the District ensure that contractors are given specific duties and guidelines to follow to ensure that contracted services are provided as expected and for the price agreed upon. A specific procedure should be developed or process included within the contract to ensure all duties performed by contractors are approved in advance and that payment will not be made for those that do not have prior authorization. Further, we recommend that the Superintendent and Board members receive a monthly report of total amounts paid for professional service contracts, such as financial consultants, that do not have a total specified amount to be expended stated within the contract. This allows the Superintendent and the Board to easily remain aware of the ongoing cost of contracted professional services.

Finding 4: The District allowed the Financial Consultant contract to be in effect for a 10 year period without any formal renewal process, review by the Board, or consideration of other options.

The District Board approved a contract with a Financial Consultant on May 24, 2004 that was allowed to continue for ten years without additional Board action to review the contract terms, renew the contract, or consider other contractors or options. This appears to

have been caused by vague language within the contract that was interpreted to allow for automatic renewal as long as no action was taken by the Board or the Financial Consultant to end the contract. It was not until a complaint was made by a Board member that a new contract was presented and approved on February 10, 2014, which specifically limited the contract to 12 months.

Recommendations: We recommend that the District establish within Board policy a requirement that all professional service contracts have a maximum duration of one year with the option for annual renewals upon approval by the Board. The policy should specify the maximum number of times the contract can be renewed before a new contract, if still needed, is sought through a competitive procurement process.

Finding 5: Contract terms with the Financial Consultant were unclear, resulting in the payment of travel time that was not specified in the contract.

For 10 years, the District paid the Financial Consultant the contracted hourly rate for travel time between her home and the District central office. While payment for mileage is included in the terms of the contract, payment of the contracted hourly rate during travel to and from the District is not specifically included. However, due to the vague contract terms that outline the Financial Consultant's fees, it could be interpreted that payment of the hourly rate was allowable. These unclear terms had the effect of increasing the cost of the contract significantly, with the estimated cost for time spent traveling accounting for over 30 percent of the total annual contract expenses in most years. For FY 2013, the amount paid for the consultant's travel was \$12,201.75. Such a significant portion of the contract cost should have been clearly specified within the contract terms.

Recommendations: We recommend that the District ensure all billable services be specified in professional service contracts. Proper oversight procedures should be developed to ensure all services and expenses invoiced by contractors are allowable and comply with the contract terms. We recommend that the District specifically clarify within the contract terms whether a contractor's hours for travel to the District are billable. If the contractor's hours for travel are determined to be billable, then the contract should specifically identify the applicable hourly travel rate. Finally, as previously recommended in Finding 3, the Superintendent and the Board should be provided a monthly reporting of the cost of financial consultant services.

Finding 6: District salary schedules are unnecessarily complex leading to less transparency and the potential for errors or abuse.

The salary schedules adopted by the District include supplemental payments to compensate District employees for duties that appear to be unrelated to the positions of the employees that are receiving them. The salary schedules also include a separate list of payments for extracurricular duties for certain positions that already have an established base salary specific to that position. In addition, the extracurricular salary schedule also includes a line item for payments to three District directors. No clear criteria exists to determine which three of the seven Directors will receive the payments for the extra duties being performed. This approach taken by the District in creating salary schedules is unnecessarily confusing and complex, which also makes it difficult to determine the total compensation of certain employees. Such complexity in using salary schedules to determine an employee's total compensation reduces the transparency of the use of District funds and increases the risk for potential error or abuse.

Recommendations: We recommend that the District continue the process to review and revise salary schedules in anticipation of the next school year cycle. Revised salary schedules for certified staff should follow a model similar to that commonly used by other school districts. We recommend this be accomplished by applying supplemental payments based on the number of days worked beyond a typical teacher contract and not using supplemental payments from other unrelated job.

Chapter 1

Introduction and Background

Scope and Objectives

The Auditor of Public Accounts (APA) received numerous concerns regarding activities of the Gallatin County School District (District). After careful consideration of these concerns, the APA initiated an examination of the District to review certain financial controls, processes, and activities of the District.

The purpose of this examination was not to provide an opinion on the District's financial statements or activities, but was designed to review the specific issues brought to the attention of this office and, when needed, make recommendations to strengthen internal controls and processes for the benefit of the District. The general period reviewed during the examination was July 1, 2009 through June 30, 2014, unless otherwise stated. Specific expenditures or activities from earlier or later time periods were reviewed based on additional issues that came to the attention of the auditors during the examination.

To address the concerns expressed to this office, we requested and examined certain District records for the examination period, including, but not limited to, Board meeting minutes, salary schedules, staff salaries, Board members' and selected staff's travel and expense reimbursements, vendor payments, certain District employee contracts, and MUNIS user access rights. Our review included discussions and interviews with numerous Board members, District staff, a contractor, and both the former and current Superintendents.

After examining the requested documentation and conducting interviews to address the concerns expressed to auditors throughout this examination process, auditors, as presented in this report, developed findings and made recommendations for improving procedures and internal controls. While thoroughly examined, certain concerns expressed to this office could not reasonably be substantiated through documentation or interviews and did not result in a report finding. Other issues were found to have already been resolved by the District prior to the initiation of the examination process. These issues are briefly discussed at the end of the Introduction and Background section of the report.

The District

The District is the only public school system serving Gallatin County, a county with a population of approximately 8,500. The District serves approximately 1,600 students enrolled in four schools: two elementary schools, one middle school, and one high school. All District schools are located in the county seat of Warsaw, Kentucky.

Chapter 1

Introduction and Background

During the 2013-2014 school year, the District employed approximately 112 classified and 127 certified fulltime equivalent staff, 103 of which were teachers. The pupil/teacher ratio was 16 students for every one teacher. According to reports from the 2012-2013 school year, the District's average annual expenditure per student was \$13,144.

For the year ended June 30, 2014, the District's financial statements identify \$17,260,830 in total revenues and \$17,491,014 in total expenditures.

Issues Resolved or Action taken by the District

Prior to initiating the examination, it appears the District resolved several issues that were brought to the attention of the APA. These issues were reviewed and discussed with District officials. Resolving these issues demonstrates the District's ability to respond to concerns and take action to correct or improve problems. These issues include:

- The District received eight complaints related to whether years of service were being calculated properly for employees. The District followed the process established in District policy to review the issue. This included an internal review by the Superintendent and the Board Attorney. A report was then made to Board on any findings and outcomes. The review conducted resulted in approximately \$2,400 being awarded in back pay. The review also resulted in the District discussing the potential for modifying Board policy related to the calculation of employee years of experience.
- It appears the District Board was not pre-approving certain out-of-district travel for Board members. Instead, the Board generally accepted that there would be a rotation of two different members each year to attend the National School Board Association conference. After complaints to the Board, it was determined that this did not meet the standards of KRS 160.280, which was interpreted by the Kentucky Attorney General as requiring the Board to pre-approve out-of-district travel for members in order to receive reimbursement of expenses. The District has since included all out-of-district Board member travel on the agenda for preapproval.
- In reviewing documents provided by complainants, it appears District staff were providing the Board with handwritten purchase orders as support for certain expenses. According to staff, this was done to ensure the support was available for items that were purchased just before a Board meeting occurred. Staff stated the purchase orders would subsequently be entered into the District's accounting system once time allowed. A review of select purchase orders did find that the appropriate information was entered for those documents reviewed. Due to the increased risk with handwriting last minute purchase orders, the District ceased this practice prior to this examination.

Findings and Recommendations

Finding 1: A contracted financial consultant and the District Finance Director had duplicate duties.

Since June 26, 2000, the District has contracted with a Financial Consultant to provide services that were similar to or the same as many of the duties required of the District Finance Director. According to both previous and current District leadership, this was primarily due to the Finance Director not having the expertise to carry out higher level financial and accounting functions. This resulted in the necessary outsourcing of these functions to a contractor. Despite the need to contract for these services, the Finance Director was still compensated similarly to Finance Directors at other school districts where such outsourcing is not needed.

According to the District’s official job description, the Finance Director is generally tasked with the maintenance and oversight of the District Financial Department, but specific duties include items such as budgeting, annual financial reporting, salary schedules, and tax reporting. These are all items listed as roles, results, or benefits in the two contracts between the District and the Financial Consultant first initiated in 2004 and in a new contract approved in 2014. This indicates an apparent duplication of duties; however, interviews with staff reveal that the Financial Consultant was primarily responsible for these duties, as well as other duties that are included within the “Performance Responsibilities” of the Finance Director. When asked whether the lack of staff or lack of expertise was the reason for the need for the consulting contract, both current and former District leadership responded that it was primarily a lack of expertise.

According to the Financial Consultant, she had been employed as the Finance Director for the District prior to contracting with the District. The Financial Consultant stated that she chose to leave that position because she no longer desired a full time job, but the superintendent at that time requested that she return to work at the District as a contractor to provide financial consulting services. This is reflected in the June 26, 2000, Board meeting minutes when the consulting services were approved at \$75 per hour, though no contract document appears to be available from that time period. A clerk within the District financial department was hired to fill the vacant Finance Director position, but the clerk possessed only a high school degree and no formal accounting or financial training.

The Financial Consultant stated it was intended that she would serve as a contracted consultant to the District performing those duties that required a professional accounting background, which she has. The Financial Consultant stated that this essentially resulted in the consultant acting as Chief Financial Officer and the Finance Director acting more as a controller. The Finance Director did appear to have numerous job tasks to complete in the day-to-day activities of the Financial Department and became a Certified School Financial Manager (CFSM) after taking the position. With this considered, the District Finance Director was compensated at an amount comparable to other districts that employ finance officers with more expertise and that do not require a financial consultant on a regular basis.

Chapter 2 Findings and Recommendations

The APA conducted a survey of all school districts in Kentucky in the spring of 2014. Information collected included salaries, work experience, educational background, and job titles of those acting as chief financial staff as reported by each of the school districts. After sorting all school district information by salary, Table 1 provides the information for the chief finance officers of the five school districts immediately above and below the amount paid to the District Finance Director.

Table 1: District Finance Director Compared to Ten Other School Districts with Closest Salaries.

District	Students	Salary	Certifications	Experience	Degree	Major	Minor	Title
Whitley County	4,261	\$77,379	N/A	12	Master's	Computer Information System	Finance/Accounting	CFO
Bullitt County	12,875	\$77,863	N/A	5	Bachelor's	Business Administration/Accounting	N/A	Director of Finance
Simpson County	2,874	\$78,367	CPA	4	Bachelor's	Accounting	N/A	Superintendent
Campbellsville Independent	1,139	\$78,430	N/A	3	Master's	Education	Business Administration	Finance Director
Leslie County	1,763	\$79,455	CSFM	0	Rank I	Education	Finance	School Business Administrator/Finance Officer
Gallatin County	1,626	\$79,680	CSFM	14	High School	N/A	N/A	Finance Officer
Metcalf County	1,510	\$79,817	CPA	0	Bachelor's	Business Administration	N/A	Finance Director / Treasurer
Franklin County	6,160	\$79,965	CPA	18	Bachelor's	Accounting	N/A	Finance Officer
Marion County	3,142	\$80,405	CPA	4	Bachelor's	Accounting	N/A	Finance Director
Hopkins County	6,882	\$80,892	CPA	3	Bachelor's	Accounting	N/A	Director of Finance
Laurel County	9,213	\$80,909	N/A	20	Bachelor's	Business Administration	Accounting	Business Manager

Source: APA 2014 survey of Kentucky school district finance officers.

As seen in Table 1, the District was paying the Finance Director a salary comparable to other chief finance officers that all hold either a bachelor's degree in accounting or business administration, or a master's degree/Rank I in education. Many of these finance directors are also Certified Public Accountants. While some of the other finance officers and directors do not have as many years of experience as the District's Finance Director, it does not appear that their school districts require the services of a consultant to the extent that the District has for the last 14 years. This indicates the District has likely paid the Finance Director an amount similar to the salary of other district chief finance officers, while the expertise of the District Finance Director was not similar to those in other districts. To acquire the additional expertise, the District had to contract with a consultant to complete certain duties at an additional cost.

Chapter 2

Findings and Recommendations

Table 2 contains the total payments made to the Financial Consultant for each of the last five fiscal years.

Table 2: Annual Payments Made to Financial Consultant FY 2010 – FY 2014

Fiscal Year	Total Paid
2010	38,385.80
2011	38,708.15
2012	46,864.15
2013	38,672.49
2014	54,204.45

Source: APA based on District vendor payment information.

As seen in Table 2, the District paid the Financial Consultant a significant amount to provide the services the Finance Director did not perform. It should also be noted that not all of this cost was related to the actual work providing services, but was for mileage reimbursement and travel time to the District. Based on estimations further discussed in Finding 5, travel time incurred by the Financial Consultant likely made up as much as 31 percent of the payments made in FY 2013. These are funds that could have been used for other purposes had the Finance Director been able to perform all required duties.

Effective December 5, 2014, the Financial Consultant ended the contract with the District and the Finance Director retired effective December 31, 2014. Based on opinions of those interviewed, including the Financial Consultant, the Finance Director would likely not have been able to complete the various higher level duties required of that position that were being completed by the Financial Consultant. The District will now have the opportunity to seek out a Finance Director with a level of expertise that will no longer require the regular use of a contracted financial consultant to complete the more complex accounting duties of the position.

Recommendations We recommend that the District seek out and hire a qualified Finance Director with sufficient expertise to complete all higher level duties of the position. In addition, the Superintendent should evaluate staffing within the Financial Department and determine whether an additional clerk position is necessary to complete some of the day-to-day tasks that were being performed previously by the Finance Director.

We recommend that the District establish the minimum qualifications for the Finance Director position to meet the requirements of KRS 160.431. This includes the new certification requirements that will eventually be established by the Kentucky Department of Education through Kentucky Administrative Regulations as a result of changes made to KRS 160.431 during the 2014 legislative session.

Chapter 2

Findings and Recommendations

Finding 2: The Finance Director was paid for additional duties that were not approved by the Board.

During the four-year period for fiscal years 2011 through 2014, the District paid the Finance Director a total of \$26,089.80 for extra duties she performed that were not specified within any of the Board approved salary schedules. The extra duties caused the Finance Director to receive additional pay by working beyond the number of annual contracted work days and specified daily hours. According to KRS 160.290 and KRS 160.291, it is the responsibility of the Board to fix the compensation of all District employees, including payment for extra duties and services. In addition, the Board also approves all employee job descriptions that are attached to the employee contracts and any modifications made to them. No Board action was taken to modify the salary schedules or approve a change to the number of contracted work days required of the Finance Director.

The Finance Director is paid a salary based on the annual salary schedule approved by the Board before each school year. This salary is to be based on the job duties of the position, the number of hours to be worked per day, and the number of days to be worked per school year. These details are also approved by the Board, though approval does not have to be performed on a regular basis, only when modifications are made. In addition to a regular salary, the Finance Director receives a “Director Supplement,” which is also included within the Board approved salary schedule. Combining the base salary and the Director Supplement payments results in the annual salary the Finance Director would be expected to make per school year; however, this amount was exceeded for the last four years, making the salary less transparent and could call into question whether it was appropriate for the Finance Director to have received this additional compensation.

While a superintendent is responsible for the daily activities and oversight of the school district, including the hiring and dismissal of employees, the school board is responsible for setting pay of those employees. KRS 160.290(1) states, “[e]ach Board shall exercise generally all powers prescribed by law in the administration of its public school system, appoint the superintendent of schools, and fix the compensation of employees.” KRS 160.291(3) further states, “[p]ayment for extra duties or services must be paid pursuant to a payment plan adopted by the board of education prior to the beginning of the school year.”

The following table provides the total salary and all salary components of the Finance Director for the last five full school years.

Chapter 2
Findings and Recommendations

Table 3: Five-Year Finance Director Salary Payments

Fiscal Year	Regular Salary	Director Supplement	Sub for Payroll Clerk	Extra Hours	Total Payments	Contract Days
2009-2010	\$75,044.00	\$4,470.00			\$79,514.00	240
2010-2011	75,043.92	4,470.00	\$ 625.44		80,139.36	240
2011-2012	75,043.92	4,470.00	21,702.19		101,216.11	240
2012-2013	74,421.12	4,470.00	2,227.89		81,119.01	238
2013-2014	75,165.00	4,515.00		\$1,534.28	81,214.28	238

Source: APA based on salary details provided by the District.

As seen in Table 3, during the three-year period from FY 2011 through FY 2013, the Finance Director was paid a total of \$24,555.52 for extra duties related to the Payroll Clerk, but these extra duties were not approved by the Board as required by KRS 160.291(3). According to current and former District officials, these payments were primarily for completing the duties of the Payroll Clerk who was on long-term disability leave for six months and for training the Finance Director in payroll duties prior to taking leave. All extra payments for the payroll completed by the Finance Director appear to have been made based on a prorated hourly rate calculated using the Finance Director’s salary established in the Board approved salary schedule.

Current and former District officials stated that the Board was made aware that the Payroll Clerk would be on long-term leave and that the Finance Director would be completing those duties. Board minutes do not reflect that any request was made to the Board to modify or otherwise approve the additional pay to the Finance Director.

Table 3 also illustrates that during FY 2014, the Finance Director was paid \$1,534.28 for additional hours worked beyond her 238 day contract. According to District documents, these payments were for additional hours worked beyond the 238 day contract with the Finance Director. It was reported that these extra hours were needed so that she could assist with the set up of a new system being implemented by the Kentucky Teachers Retirement System and adding new salaries in the system for the upcoming school year. The contract for the Finance Director is approved by the Board and includes a job description, which stipulates an eight hour work day for 238 days per school year. Any modification to this contract and the associated job description should have been approved by the Board. Salary schedules approved by the Board are a means by which to ensure the Board has control and management of all school funds. Salary schedules also provide transparency to the public and allow for critical review of the usage of public funds. While it is understandable that when an emergency arises, such as when an employee goes on leave and cannot be immediately replaced, solutions may be difficult and require innovation, care should be taken to ensure the Board’s oversight and approval continues and is not removed.

Chapter 2

Findings and Recommendations

Recommendations We recommend that the District ensure any extra duties or services assigned to staff be authorized within a Board approved salary schedule. We also recommend that any additional duties be specifically added to the employee’s job description and approved by the Board.

Finding 3: The contracted Financial Consultant self-directed certain contracted duties and undertook others not specified in the contract.

Based on interviews with District staff and the Financial Consultant, it appears the contracted Financial Consultant completed certain contracted duties without direction from management or staff and undertook other job tasks not specifically included within the contract without being requested. Due to the Financial Consultant being paid on an hourly basis, any extra work being completed without a request from the District likely resulted in an added cost to the District for services it may not have needed. Staff also reported that since the activities of the Financial Consultant appeared to be self-directed, it created a confused supervisory structure within the Financial Department.

The contract with the Financial Consultant outlines a variety of duties to be completed by the Financial Consultant. According to the Financial Consultant, some of these duties would be undertaken in conjunction with the Superintendent and the Finance Director, while others would be completed at regularly reoccurring times. In addition, the Financial Consultant stated that if she saw other issues that needed to be reviewed or addressed, she would undertake these tasks as well, even when not specifically directed. Statements from staff and the Financial Consultant indicate that the contractor was acting in an internal audit capacity at times, without being asked by District staff to perform some of the tasks. According to District staff, some of the activities included obtaining and reviewing files maintained by District employees, primarily within the Financial Department. The Financial Consultant would then report back to the Finance Director and Superintendent the results of her review.

The contract with the Financial Consultant does provide for various unspecified duties to be provided; however, the contract language includes statements that would require the Board or the Superintendent to request those duties be performed prior to the Financial Consultant undertaking them. The contract also states that the Financial Consultant would assist financial staff “as needed,” but this also implies that a District staff or the Board would be required to assert that the assistance was needed prior to the activity taking place. Since the Financial Consultant is paid on an hourly basis, unrequested services could have resulted in additional charges for services that the District may not have wanted or needed or that could have been completed by a District staff member.

Findings and Recommendations

Based on interviews with District staff, it appears that the requests and reviews carried out by the Financial Consultant also created a confusing supervisory structure. While staff were aware that the Finance Director was officially responsible for the Financial Department, some were not certain if the contracted Financial Consultant held a position of authority over them and possibly the Finance Director. This type of environment can hinder staff effectiveness and appears to have created a culture of mistrust among staff in the Finance Department.

According to the former superintendent and the Financial Consultant, all work performed by the Financial Consultant was within the requirements of the contract because all contract invoices were eventually approved for payment by the Superintendent and the Board. However, by the time the Superintendent and Board approved the payment for those services, they may have already been performed by the Financial Consultant without a prior request. The contract with the Financial Consultant states that any special projects not specifically included within the services to be provided “will be billed separately, with the fees agreed upon in advance.” Based on this contract requirement, any services provided outside of the specified contract duties would have been agreed to and approved prior to the work being performed and should be billed separately. Based on statements made by the Financial Consultant and District staff, it appears that some of these services were neither agreed upon in advance nor had separate billing invoices.

The Financial Consultant provided for an hourly rate for all services being provided, with no limit to the contract amount stated in the contract. The District did provide a budget line item for the service, but such budgetary items can sometimes be exceeded. Also, while the Board approved each individual invoice, a regular report was not provided to the Superintendent or the Board that would provide them with a cumulative total of contract expenses for the services being provided as the year progressed. Combined with the ability of the Financial Consultant to self-direct some activities, the District is at greater financial risk. In addition to ensuring contract terms are followed, having such unknown and variable costs for a contractor could be financially damaging to the District if it is not monitored and controlled by the Board and District leadership.

Recommendations We recommend the District ensure that contractors are given specific duties and guidelines to follow to ensure that contracted services are provided as expected and for the price agreed upon. A specific procedure should be developed or process included within the contract to ensure all duties performed by contractors are approved in advance and that payment will not be made for those that do not have prior authorization. Further, we recommend that the Superintendent and Board members receive a monthly report of total amounts paid for professional service contracts, such as financial consultants, that do not have a total specified amount to be expended stated within the contract. This allows the Superintendent and the Board to easily remain aware of the ongoing cost of contracted professional services.

Findings and Recommendations

Finding 4: The District allowed the Financial Consultant contract to be in effect for a 10 year period without any formal renewal process, review by the Board, or consideration of other options.

The District Board approved a contract with a Financial Consultant on May 24, 2004 that was allowed to continue for ten years without additional Board action to review the contract terms, renew the contract, or consider other contractors or options. This appears to have been caused by vague language within the contract that was interpreted to allow for automatic renewal as long as no action was taken by the Board or the Financial Consultant to end the contract. It was not until a complaint was made by a Board member that a new contract was presented and approved on February 10, 2014, which specifically limited the contract to 12 months.

The timing and duration section of the May 24, 2004 Financial Consultant contract states, “[t]his agreement will continue for twelve months from the date of acceptance or until cancelled by either party.” Based on statements from the Financial Consultant, this statement was interpreted that as long as neither party wanted to cancel the contract that it would automatically renew for perpetuity. However, throughout the 2004 contract, the scope of work and work products specifically reference the 2004-2005 fiscal year. Since the contract period is not specified and no contract renewal clause exists, it could equally be interpreted that the contract was only intended to last for a maximum of the 12 month period in FY 2005.

Both the former Superintendent and Financial Consultant stated that the Board’s approval of payments to the Financial Consultant indicate that Board members approved the contract and intended for it to continue for the last 10 years. However, not regularly discussing the details of the contract or conducting a formal approval process of the contract terms in a public meeting does not appear to be a sound practice or provide the highest level of transparency. Furthermore, by not periodically considering other options such as a different vendor or hiring new District staff, the Board cannot be assured that the District’s funds are being used with the most efficiency and effectiveness.

District procurement policies exempt all professional service contracts from a required bidding process and do not contain any maximum time limit for contracts. This could allow for multi-year contracts to be created, but also does not prohibit single year contracts. Regardless, a specific time frame should have been stated within the contract to allow for the Board to review the terms of, or the need for, the contract. In addition, the Board should have reevaluated the Financial Consultant contract prior to February 2014 to determine whether it was both necessary to continue these services and financially advantageous for the District. Professional services, such as accounting and financial consulting, can be obtained from multiple sources. If a contract is necessary, a competitive selection process to obtain these services allows the District to possibly receive a lower hourly rate and better service for the District.

Findings and Recommendations

Recommendations We recommend that the District establish within Board policy a requirement that all professional service contracts have a maximum duration of one year with the option for annual renewals upon approval by the Board. The policy should specify the maximum number of times the contract can be renewed before a new contract, if still needed, is sought through a competitive procurement process.

**Finding 5:
Contract terms
with the Financial
Consultant were
unclear, resulting
in the payment of
travel time that
was not specified
in the contract.**

For 10 years, the District paid the Financial Consultant the contracted hourly rate for travel time between her home and the District central office. While payment for mileage is included in the terms of the contract, payment of the contracted hourly rate during travel to and from the District is not specifically included. However, due to the vague contract terms that outline the Financial Consultant’s fees, it could be interpreted that payment of the hourly rate was allowable. These unclear terms had the effect of increasing the cost of the contract significantly, with the estimated cost for time spent traveling accounting for over 30 percent of the total annual contract expenses in most years. Such a significant portion of the contract cost should have been clearly specified within the contract terms.

While mileage reimbursement is specifically allowed in the contract, the District paid the Financial Consultant for the hours traveling to and from the District offices based on general fee guidelines within the contract that do not specifically address this issue. According to the terms of the contract that was in effect from May 24, 2004 through February 10, 2014, “fees for this engagement will be based on time expended at an hourly rate of \$75.00.” This is a vague statement, as it does not specify the type of contractor activities that are eligible for payment. This statement could be interpreted to include hours for traveling to work, as well as any other number of activities. However, a reasonable interpretation of this statement would indicate that billable activity was for actual services provided. Though payment for travel hours is not specifically allowed for by the contract, a considerable amount was paid by the District for travel.

Since the Financial Consultant did not identify the actual time spent traveling to and from the District within the invoices identifying all charges, an estimate was developed to determine an approximate cost. The invoices do identify the date and the mileage of each trip made to the District, with each round trip being 112 miles. The estimate is based on the assumed average speed of 60 miles per hour, resulting in approximately 1.87 hours of travel time per roundtrip. Using the \$75 per hour rate charged by the Financial Consultant, each roundtrip cost the District \$140.25.

Table 4 contains the estimates for each of the last four years that the May 24, 2004 contract was in effect for the entire year. It also includes an estimated cost for FY 2014, which is based on the \$75 rate for all trips prior to February 10, 2014, and \$37.50 for all trips after that date. This change in the travel rate is due to the February 10, 2014 contract specifying that travel time would be billed at half the regular hourly rate.

Chapter 2 Findings and Recommendations

Table 4: Estimated Cost of Financial Consultant Trips to the District FY 2010 - 2014

FY	Total Paid	Trips	Estimated Hourly Cost of Trips	Percentage of Total
2010	\$38,385.80	85	\$11,921.25	31.06%
2011	\$38,708.15	98	\$13,744.50	35.51%
2012	\$46,864.15	106	\$14,866.50	31.72%
2013	\$38,672.49	87	\$12,201.75	31.55%
2014	\$54,204.45	120	\$14,521.68	26.79%

Source: APA based on Financial Consultant invoices provided by the District.

As seen in Table 4, during FY 2013, the last full year the initial contract language was followed, the Financial Consultant billed the District for a total of 87 roundtrips to the District. This resulted in an estimated total cost of \$12,201.75 for time spent driving to and from the District offices. This accounts for over 31 percent of the total amount paid to the Financial Consultant for all contract services provided in FY 2013, which was \$38,672.49. This trend was similar for other years, but was reduced in FY 2104 when the rate charged to the District was reduced under the new contract.

Any potential expense that could increase the cost of a contract so significantly should specifically be addressed in the contract terms. By not clearly defining the terms within the contract, it removed a control that the District could have had over the cost of the contract. This problem was corrected when the February 10, 2014 contract was approved, which included specific reference to the rate paid for travel time. Based on the estimates used in Table 4, this reduced the percentage of the contract expenses paid for travel.

While the newest contract with the Financial Consultant was approved with a specified amount, the Financial Consultant has since cancelled the contract with the District. This may appear to render the issue moot, but, as noted in Finding 1, the District has a need for financial expertise. The District may determine that a contract is needed, at least in the short term, to assist in financial management. If this is the case, the approach recommended to address travel expenses should be considered and specifically included in the contract.

Recommendations We recommend that the District ensure all billable services be specified in professional service contracts. Proper oversight procedures should be developed to ensure all services and expenses invoiced by contractors are allowable and comply with the contract terms.

We recommend that the District specifically clarify within the contract terms whether a contractor's hours for travel to the District are billable. If the contractor's hours for travel are determined to be billable, then the contract should specifically identify the applicable hourly travel rate. Finally, as previously recommended in Finding 3, the Superintendent and the Board should be provided a monthly reporting of the cost of financial consultant services.

Findings and Recommendations

Finding 6: District salary schedules are unnecessarily complex leading to less transparency and the potential for errors or abuse.

The salary schedules adopted by the District include supplemental payments to compensate District employees for duties that appear to be unrelated to the positions of the employees that are receiving them. The salary schedules also include a separate list of payments for extracurricular duties for certain positions that already have an established base salary specific to that position. In addition, the extracurricular salary schedule also includes a line item for payments to three District directors. No clear criteria exists to determine which three of the seven Directors will receive the payments for the extra duties being performed. This approach taken by the District in creating salary schedules is unnecessarily confusing and complex, which also makes it difficult to determine the total compensation of certain employees. Such complexity in using salary schedules to determine an employee's total compensation reduces the transparency of the use of District funds and increases the risk for potential error or abuse.

Each school district is responsible for determining staff pay and for establishing pay scales prior to the beginning of each school year in the form of salary schedules. Salary schedules are created by each school district administrator and then presented to the respective school district boards for review and approval. Salary schedules typically present the salaries of both certified staff and classified staff based on years of experience, and in the case of certified staff, levels or rank of education achieved. The salary schedules may also identify the number of days each position is required to work. Each school district also includes pay scales for extracurricular duties undertaken by staff, such as coaching or sponsorship of a school club, which provides a designated payment amount based on the activity.

The District has instituted a variety of line items within its approved salary schedules that are being used to supplement the pay of certain District employee positions that do not appear to coincide with the title of the supplemental pay. For example, assistant principals, which are certified positions, receive payment based on the certified teacher salary schedule, but they also receive approximately \$6,445 from a supplemental payment as a certified "administrative assistant." There is nothing in the salary schedules indicating such a supplement is part of the assistant principal salary. Except for an administrator responsible for approving a supplemental salary payment, it would be difficult for anyone to determine such a line item was applicable to District assistant principals. See Exhibit 1 for the FY 2015 Certified Rank I Salary Schedule and the Certified Administrative Assistant Salary Schedule.

The District also has developed a salary schedule that lists the payment amounts for each extracurricular activity and duty. This includes positions that have specific duties that go beyond those that are already being provided, such as coaches, club sponsors, or department heads. This list also includes, however, additional payments for job positions that already have a specific salary schedule established for those positions. This includes positions such as Principals, the Assistant Superintendent, and the Transportation Director. The FY 2015 salary schedules for the Assistant Superintendent, the Transportation Director, Principals, and all extracurricular duties can be found at Exhibit 2.

In many school districts' salary schedules, it is common that a supplementary payment be included for non-classroom certified staff, such as principals or assistant superintendents; however, the base salaries of these staff are typically based on the same certified staff salary schedules as teachers. Since these types of employees work more contract days per school year than teachers, they are provided a pay supplement based on the number of additional days worked beyond a typical teacher contract. In reviewing the salary schedules of the District, it does not appear that the base salaries of the non-classroom certified staff are based on the same salary schedules as teachers or that the supplemental payments are based on additional contract days being worked.

The District has also applied the same supplemental payment system for certain District classified staff as well. No additional criteria or duties exist, however, as justification warranting supplemental payments made to these District classified staff. Specifically, this includes the Transportation Director position, which already has a salary established in a salary schedule for that position.

In addition, one line item within the extracurricular salary schedule includes supplementary payments for three unnamed District directors. The District currently has seven director positions, but the line item for supplementary director payment does not specify which of those positions is to receive the payment or what criteria should be used in making that determination. This apparently provides the District Superintendent with the discretion to choose which of the three directors will receive the supplementary payments. Such discretion creates confusion, reduces transparency in establishing salaries, and is not in keeping with providing a clear presentation of Board-approved and publicly available salary schedules.

Reduced transparency has several adverse effects in public agencies. First, the public is unable to fully monitor the actions and processes implemented, which impact the use of public funds. Second, the governing body ultimately responsible for the oversight and care of the public funds, such as the Board, is not able to fully perform their duties when they are uncertain of how funds are being used by administrators. This results in the third effect, which is an increase in the potential for error or abuse in the use of those funds.

Findings and Recommendations

While superintendents are statutorily responsible for the hiring and release of school district employees, they must follow the salary schedules approved by the Boards. When those salary schedules become too vague or the superintendent has excessive discretionary power to apply any line item to any job position, salaries could be excessively increased by applying a variety of supplemental payments that may be questionable.

The current District Superintendent, who began working for the District at the beginning of the current school year, is aware of the issues with the salary schedules and has begun working to update and modify them for the next school year.

Recommendations We recommend that the District continue the process to review and revise salary schedules in anticipation of the next school year cycle. Revised salary schedules for certified staff should follow a model similar to that commonly used by other school districts. We recommend this be accomplished by applying supplemental payments based on the number of days worked beyond a typical teacher contract and not using supplemental payments from other unrelated job.

EXHIBITS

**GALLATIN COUNTY BOARD OF EDUCATION
 CERTIFIED RANK 1 SALARY SCHEDULE
 FY 14-15
 1% INCREASE
 185 DAYS**

YEARS	FY 13-14	FY 14-15	DAILY RATE
0	42,658	43,085	232.89
1	42,805	43,233	233.69
2	42,952	43,382	234.49
3	43,098	43,529	235.29
4	46,667	47,134	254.78
5	46,817	47,285	255.60
6	46,962	47,432	256.39
7	47,109	47,580	257.19
8	47,258	47,731	258.00
9	47,406	47,880	258.81
10	51,904	52,423	283.37
11	52,060	52,581	284.22
12	52,211	52,733	285.04
13	52,362	52,886	285.87
14	52,514	53,039	286.70
15	53,483	54,018	291.99
16	53,634	54,170	292.81
17	53,786	54,324	293.64
18	53,936	54,475	294.46
19	54,090	54,631	295.30
20	54,237	54,779	296.10
21	54,387	54,931	296.92
22	54,541	55,086	297.76
23	54,690	55,237	298.58
24	54,843	55,391	299.41
25	55,811	56,369	304.70
26	55,960	56,520	305.51
27	56,111	56,672	306.34
28	56,111	56,672	306.34
29	56,111	56,672	306.34
30	56,111	56,672	306.34
31	56,111	56,672	306.34
32	56,111	56,672	306.34
33	56,111	56,672	306.34
34	56,111	56,672	306.34
35	56,111	56,672	306.34
36	56,111	56,672	306.34
37	56,111	56,672	306.34
38	56,111	56,672	306.34
39	56,111	56,672	306.34
40	56,111	56,672	306.34

OTHER SPECIALIZED
CERTIFIED
SALARY SCHEDULE
FY 14-15
1% INCREASE

TEACHER'S SALARY SCHEDULE FOR YEARS OF EXPERIENCE AND
EDUCATION LEVEL.

PLUS EXTENDED DAY SCHEDULE.....

PSYCHOLOGIST 185 DAYS

ALTERNATIVE SCHOOL DIRECTOR 193 DAYS

4,646 SUPPLEMENTAL PAY

COUNSELORS

HIGH SCHOOL 216 DAYS

MIDDLE SCHOOL 216 DAYS

5,521 SUPPLEMENTAL PAY

ELEMENTARY SCHOOL 196 DAYS

UPPER ELEMENTARY SCHOOL 196 DAYS

5,176 SUPPLEMENTAL PAY

IN-SCHOOL SUSPENSION

1 HOUR AT HOURLY RATE 175 DAYS
BASED ON RANK AND YEARS

ADMINISTRATIVE ASSISTANTS 203 DAYS

ELEMENTARY SCHOOL
UPPER ELEMENTARY SCHOOL
MIDDLE SCHOOL

6,445 SUPPLEMENTAL PAY

ADMINISTRATIVE ASSISTANTS 203 DAYS

HIGH SCHOOL
CTES** 12 DAYS

6,445 SUPPLEMENTAL PAY

ALL AMOUNTS INCLUDED IN SALARY FOR THE YEAR

** AS APPROVED AT SCHOOL BOARD MEETING 4/28/14

**Salary Schedules of Assistant Superintendent, Transportation Director,
Principals, and All Extracurricular Duties**

Exhibit 2

**GALLATIN COUNTY BOARD OF EDUCATION
PRINCIPAL
FY 14-15
1% INCREASE
233 DAYS**

YEARS	FY 13-14	FY 14-15	DAILY RATE
0	72,075	72,796	312.43
1	72,075	72,796	312.43
2	72,375	73,099	313.73
3	72,674	73,401	315.02
4	72,973	73,703	316.32
5	73,273	74,006	317.62
6	73,573	74,309	318.92
7	73,873	74,612	320.22
8	74,175	74,917	321.53
9	74,475	75,220	322.83
10	74,773	75,521	324.12
11	75,075	75,826	325.43
12	75,374	76,128	326.73
13	75,676	76,433	328.04
14	75,976	76,736	329.34
15	76,276	77,039	330.64
16	76,575	77,341	331.93
17	76,877	77,646	333.24
18	77,175	77,947	334.54
19	77,476	78,251	335.84
20	77,776	78,554	337.14
21	78,075	78,856	338.44
22	78,377	79,161	339.75
23	78,679	79,466	341.05
24	78,978	79,768	342.35
25	79,276	80,069	343.64
26	79,578	80,374	344.95
27	79,878	80,677	346.25
28	79,878	80,677	346.25
29	79,878	80,677	346.25
30	79,878	80,677	346.25
31	79,878	80,677	346.25
32	79,878	80,677	346.25
33	79,878	80,677	346.25
34	79,878	80,677	346.25
35	79,878	80,677	346.25
36	79,878	80,677	346.25
37	79,878	80,677	346.25
38	79,878	80,677	346.25
39	79,878	80,677	346.25
40	79,878	80,677	346.25

75.00 PER TEACHER SUPPLEMENT

**Salary Schedules of Assistant Superintendent, Transportation Director,
Principals, and All Extracurricular Duties**

Exhibit 2

**GALLATIN COUNTY BOARD OF EDUCATION
ASSISTANT SUPERINTENDENT
SALARY SCHEDULE
FY 14-15
1% INCREASE
238 DAYS**

YEARS	FY 13-14	FY 14-15	DAILY RATE
0	76,544	77,309	324.83
1	76,544	77,309	324.83
2	76,865	77,634	326.19
3	77,186	77,958	327.55
4	77,504	78,279	328.90
5	77,824	78,602	330.26
6	78,143	78,924	331.62
7	78,463	79,248	332.97
8	78,783	79,571	334.33
9	79,102	79,893	335.68
10	79,422	80,216	337.04
11	79,738	80,535	338.38
12	80,061	80,862	339.75
13	80,380	81,184	341.11
14	80,700	81,507	342.47
15	81,022	81,832	343.83
16	81,338	82,151	345.17
17	81,659	82,476	346.54
18	81,978	82,798	347.89
19	82,300	83,123	349.26
20	82,618	83,444	350.61
21	82,935	83,764	351.95
22	83,257	84,090	353.32
23	83,575	84,411	354.67
24	83,896	84,735	356.03
25	84,217	85,059	357.39
26	84,536	85,381	358.75
27	85,567	86,423	363.12
28	85,567	86,423	363.12
29	85,567	86,423	363.12
30	85,567	86,423	363.12
31	85,567	86,423	363.12
32	85,567	86,423	363.12
33	85,567	86,423	363.12
34	85,567	86,423	363.12
35	85,567	86,423	363.12
36	85,567	86,423	363.12
37	85,567	86,423	363.12
38	85,567	86,423	363.12
39	85,567	86,423	363.12
40	85,567	86,423	363.12

**Salary Schedules of Assistant Superintendent, Transportation Director,
Principals, and All Extracurricular Duties**

Exhibit 2

**GALLATIN COUNTY BOARD OF EDUCATION
TRANSPORTATION DIRECTOR
SALARY SCHEDULE
FY 14-15
1% INCREASE
198 DAYS**

YEARS	FY 13-14	FY 14-15	DAILY RATE
0	51,510	52,025	262.75
1	51,774	52,292	264.10
2	52,038	52,558	265.45
3	52,301	52,824	266.79
4	52,564	53,090	268.13
5	52,828	53,356	269.48
6	53,091	53,622	270.82
7	53,354	53,888	272.16
8	53,619	54,155	273.51
9	53,881	54,420	274.85
10	54,145	54,686	276.19
11	54,410	54,954	277.55
12	54,672	55,219	278.88
13	54,936	55,485	280.23
14	55,200	55,752	281.58
15	55,462	56,017	282.91
16	55,727	56,284	284.26
17	55,989	56,549	285.60
18	56,253	56,816	286.95
19	56,518	57,083	288.30
20	56,779	57,347	289.63
21	57,044	57,614	290.98
22	57,307	57,880	292.32
23	57,570	58,146	293.67
24	57,835	58,413	295.02
25	58,098	58,679	296.36
26	58,361	58,945	297.70
27	58,625	59,211	299.05
28	58,625	59,211	299.05
29	58,625	59,211	299.05
30	58,625	59,211	299.05
31	58,625	59,211	299.05
32	58,625	59,211	299.05
33	58,625	59,211	299.05
34	58,625	59,211	299.05
35	58,625	59,211	299.05
36	58,625	59,211	299.05
37	58,625	59,211	299.05
38	58,625	59,211	299.05
39	58,625	59,211	299.05
40	58,625	59,211	299.05

Salary Schedules of Assistant Superintendent, Transportation Director, Principals, and All Extracurricular Duties

Exhibit 2

GALLATIN COUNTY BOARD OF EDUCATION EXTRA CURRICULAR FY14-15 1% INCREASE						
POSITION	FY 14-15 0-4 YEARS	FY 14-15 5-9 YEARS	FY 14-15 10-14 YEARS	FY 14-15 15-19 YEARS	FY 14-15 20-24 YEARS	FY 14-15 25+
504 COORDINATOR	2,382	2,434	2,487	2,539	2,592	2,644
ATHLETIC DIRECTOR (2)	5,863	5,916	5,968	6,021	6,073	6,126
SBDM COORDINATOR	3,468	3,521	3,573	3,626	3,678	3,731
BAND DIRECTOR	3,390	3,442	3,495	3,547	3,600	3,652
CROSS COUNTRY/ BOYS/GIRLS HEAD COACH	1,275	1,327	1,380	1,432	1,485	1,537
ES 1ST GRADE DEPT HEAD	639	692	744	797	849	902
ES 2ND GRADE DEPT HEAD	639	692	744	797	849	902
ES SPECIALS DEPT HEAD	639	692	744	797	849	902
ES KINDER. DEPT HEAD	639	692	744	797	849	902
ES PRINCIPAL	1,780	1,832	1,885	1,937	1,990	2,042
ES YEARBOOK	639	692	744	797	849	902
ES SP.ED. DEPT. HEAD	639	692	744	797	849	902
ES/UE WRITING CLUSTER HEAD	276	305	331	357	384	410
ES ASST. PRINCIPAL	878	930	983	1,035	1,088	1,140
ELEM STLP	510	562	612	664	714	766
HS ACADEMIC TEAM	3,115	3,168	3,221	3,273	3,326	3,378
HS ART CLUB	479	531	584	636	689	741
HS ASST. BASEBALL COACH	1,145	1,198	1,250	1,303	1,355	1,408
HS ASST. PRINCIPAL	878	930	983	1,035	1,088	1,140
HS BETA CLUB	766	818	871	923	976	1,028
HS BOY FRSH BSKTBL	1,311	1,364	1,416	1,469	1,521	1,574
HS FRESHMAN GIRLS BSKTBL	1,311	1,364	1,416	1,469	1,521	1,574
HS BOY JR. VAR. BSKTBL	2,775	2,828	2,882	2,934	2,987	3,039
HS BOYS BASEBALL HEAD COACH	2,202	2,254	2,307	2,360	2,413	2,465
HS BOYS VAR. BASKETBALL HEAD COACH	6,363	6,416	6,468	6,521	6,573	6,626
HS VARSITY ASST. COACH BOYS	1,311	1,364	1,416	1,469	1,521	1,574
HS BOYS FOOTBALL HEAD COACH	6,363	6,416	6,468	6,521	6,573	6,626
HS BOYS FOOTBALL ASST COACH (3)	2,775	2,828	2,882	2,934	2,987	3,039
JV SOFTBALL COACH GIRLS	1,145	1,198	1,250	1,303	1,355	1,408
*HS CHEER. SPONSOR Split 1/2	1,007	1,033	1,059	1,086	1,112	1,138
*HS CHEER. SPONSOR Split 1/2	1,007	1,033	1,059	1,086	1,112	1,138
HS CONCESSION MANAGER	2,040	2,040	2,040	2,040	2,040	2,040
HS DUAL CREDIT/JCC MATH	1,530	1,530	1,530	1,530	1,530	1,530
HS DUAL CREDIT/WRITING CLASS	1,530	1,530	1,530	1,530	1,530	1,530
HS FEA CLUB	479	531	584	636	689	741
HS FFA CLUB	479	531	584	636	689	741
HS FRESHMAN CLASS SPON	479	531	584	636	689	741
HS FB/IAFTA CLUB	479	531	584	636	689	741
HS GIRL JR. VAR. BSKTBL	2,775	2,828	2,882	2,934	2,987	3,039
HS GIRLS SOFTBALL VARSITY HEAD COACH	2,202	2,254	2,307	2,360	2,413	2,465
HS GIRLS VAR. BASKETBALL HEAD COACH	6,363	6,416	6,468	6,521	6,573	6,626
HS VARSITY ASST. COACH GIRLS BASKETBALL	1,311	1,364	1,416	1,469	1,521	1,574
HS GOLF BOYS	941	994	1,046	1,099	1,151	1,204
HS GOLF GIRLS	941	994	1,046	1,099	1,151	1,204
HS VOLLEYBALL COACH	1,422	1,475	1,527	1,580	1,632	1,685
HS ASST. VOLLEYBALL COACH	875	927	980	1,032	1,085	1,137
HS VARSITY SOCCER HEAD COACH	1,422	1,475	1,527	1,580	1,632	1,685
HS BOYS JV SOCCER COACH	875	927	980	1,032	1,085	1,137
HS JUNIOR CLASS SPONSOR (2)***	885	962	1,041	1,120	1,200	1,278
HS JR CLASS/AFTER PROM	590	642	695	747	800	852
HS LANG. DEPT HEAD	639	692	744	797	849	902
HS WRITING CLUSTER	557	609	662	714	767	819
HS MATH. DEPT HEAD	639	692	744	797	849	902
HS PRINCIPAL	7,864	7,916	7,969	8,021	8,074	8,126
HS FCA CLUB	479	531	584	636	689	741
HS SADD CLUB	479	531	584	636	689	741
HS SCIENCE DEPT HEAD	639	692	744	797	849	902
HS SENIOR CLASS SPONSOR (2)	862	914	967	1,019	1,072	1,124
HS SOC. STUD. DEPT HEAD	639	692	744	797	849	902
HS SOPHOMORE CLASS SP	479	531	584	636	689	741
HS SPANISH CLUB	479	531	584	636	689	741

Salary Schedules of Assistant Superintendent, Transportation Director, Principals, and All Extracurricular Duties

GALLATIN COUNTY BOARD OF EDUCATION						
EXTRA CURRICULAR						
FY14-15 1% INCREASE						
POSITION	FY 14-15 0-4 YEARS	FY 14-15 5-9 YEARS	FY 14-15 10-14 YEARS	FY 14-15 15-19 YEARS	FY 14-15 20-24 YEARS	FY 14-15 25+
EXTRA CURRICULAR SALARIES						
HS ARTS/HUM/ETC	639	692	744	797	849	902
HS SPEECH & DRAMA	1,372	1,424	1,477	1,529	1,582	1,634
HS STUDENT COUNCIL	774	826	879	931	984	1,036
HS STLP	510	562	612	664	714	766
TEACHER ASSISTANT (2)	639	692	744	797	849	902
HS TENNIS BOYS	1,123	1,176	1,228	1,281	1,333	1,386
HS TENNIS GIRLS	1,123	1,176	1,228	1,281	1,333	1,386
HS VOC. DEPT HEAD	639	692	744	797	849	902
HS SPIRIT CLUB	479	531	584	636	689	741
HS YEARBOOK	1,275	1,327	1,380	1,432	1,485	1,537
MS ACADEMIC TEAM	1,275	1,327	1,380	1,432	1,485	1,537
MS ARTS/HUM/VOC/ETC.	625	678	730	783	835	888
MS BOYS BSKTBL - 7TH GRADE	1,350	1,403	1,455	1,508	1,560	1,613
MS BOYS BSKTBL - 8TH GRADE	1,350	1,403	1,455	1,508	1,560	1,613
MS BOYS FOOTBALL HEAD COACH	1,356	1,409	1,461	1,514	1,567	1,619
MS BOYS FOOTBALL ASST COACH	1,072	1,124	1,177	1,229	1,282	1,334
MS VOLLEYBALL COACH	875	927	980	1,032	1,085	1,137
MS CHEER. SPONSOR	774	826	879	931	984	1,036
MS CONCESSION MANAGER	1,020	1,020	1,020	1,020	1,020	1,020
MS ENSEMBLE	479	531	584	636	689	741
MS GIRL BSKTBL	1,350	1,403	1,455	1,508	1,560	1,613
MS GIRLS BASKETBALL	1,350	1,403	1,455	1,508	1,560	1,613
MS LANG. ARTS DEPT HEAD	625	678	730	783	835	888
MS MATH DEPT. HEAD	625	678	730	783	835	888
MS PRINCIPAL	3,227	3,279	3,332	3,385	3,437	3,490
MS ASSISTANT PRINC.	878	930	983	1,035	1,088	1,140
MS SCIENCE DEPT. HEAD	625	678	730	783	835	888
MS SOC. STUD. DEPT. HEAD	625	678	730	783	835	888
MS STUDENT COUNCIL	584	636	689	741	794	846
MS WRITING CLUSTER HEAD	557	609	662	714	767	819
MS YEARBOOK	662	714	767	819	872	924
MS STLP	510	562	612	664	714	766
MS TEAM LEADER (3)	590	642	695	747	800	852
UE 3RD GRADE DEPT HEAD	639	692	744	797	849	902
UE 4TH GRADE DEPT HEAD	639	692	744	797	849	902
UE 5TH GRADE DEPT HEAD	639	692	744	797	849	902
UE ACADEMIC TEAM	954	1,007	1,059	1,112	1,165	1,217
UE BETA CLUB	766	818	871	923	976	1,028
UE PRINCIPAL	1,780	1,832	1,885	1,937	1,990	2,042
UE ASST. PRINCIPAL	878	930	983	1,035	1,088	1,140
UE WRITING CLUSTER HEAD	278	305	331	357	384	410
UE YEARBOOK	639	692	744	797	849	902
UE SP. ED. DEPT HEAD	639	692	744	797	849	902
UE STLP	510	562	612	664	714	766

Salary Schedules of Assistant Superintendent, Transportation Director, Principals, and All Extracurricular Duties

	A	B	C	D	E	F	G
1	GALLATIN COUNTY BOARD OF EDUCATION						
2	EXTRA CURRICULAR						
3	FY14-15 1% INCREASE						
4	POSITION	FY 14-15	FY 14-15	FY 14-15	FY 14-15	FY 14-15	FY 14-15
5	EXTRA CURRICULAR SALARIES	0-4 YEARS	5-9 YEARS	10-14 YEARS	15-19 YEARS	20-24 YEARS	25+
111	DISTRICT DIRECTOR (3)**	4,350	4,403	4,455	4,508	4,560	4,613
112	DISTRICT WRITING COORDINATOR (2)	510	510	510	510	510	510
113	DISTRICT TRANSLATOR	2,020	2,020	2,020	2,020	2,020	2,020
114	TRANSPORTATION DIRECTOR	3,299	3,352	3,404	3,457	3,509	3,562
115	ASST. SUPERINTENDENT	10,890	10,942	10,995	11,047	11,100	11,152
116	INFINITE CAMPUS DATA PROCESSOR	2,040	2,040	2,040	2,040	2,040	2,040
117	ESS	\$27 PER HOUR CERTIFIED					
118	DILT	HOURLY RATE PER RANK AND YEARS					
119	FR/YSC TUTORING	\$27 PER HOUR CERTIFIED					
120							
121	CERTIFIED						
122	PAY BASED ON YEARS OF TEACHING EXPERIENCE						
123							
124	CLASSIFIED						
125	PAY BASED ON YEARS OF EMPLOYMENT IN OUR SCHOOL DISTRICT						
126							
127	PARAPROFESSIONAL						
128	PAY BASED ON YEARS OF SERVICE IN OUR DISTRICT						
129							
130							
131	** AS APPROVED AT SCHOOL BOARD MEETING 4/28/14						
132	***Correction-clerical error						
133							
134							
135							
136							

GALLATIN COUNTY SCHOOL DISTRICT RESPONSE

Gallatin County Schools

Wallace Central Office Building
75 Boardwalk
Warsaw, KY 41095

Travis Huber
SUPERINTENDENT

Raymond A. Spahn
ASSISTANT SUPERINTENDENT

Roxann Booth
DIRECTOR OF DISTRICT WIDE
SERVICES/DPP

Debra Foltz
DIRECTOR OF DISTRICT WIDE
SERVICES I

Renee Cameron
DIRECTOR OF SPECIAL EDUCATION

Mark Hale
DIRECTOR OF TRANSPORTATION

Kelley Gamble
FINANCE OFFICER/TREASURER

Michelle Lawrence
CHIEF INFORMATION OFFICER



“Maximizing Student Learning & Achievement”

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January 8, 2015

Mr. Brian Lykins, Executive Director
Office of Technology and Special Audits
209 St. Clair Street
Frankfort, KY 40601-1817

RE: Response to Examination Report

Dear Mr. Lykins,

The Gallatin County School System concurs with all of the findings listed in your Examination of Certain Policies, Procedures, Controls and Financial Activity of the Gallatin County School District. We appreciate the professional and respectful manner in which your office conducted the investigation, as well as your efforts to ensure the Gallatin County School District operates in an ethical, legal and transparent manner that will build trust with our county residents.

Your report outlines six findings and recommendations for district improvement.

Recommendation one is to seek out and hire a qualified financial director that meets the requirements of KRS 160.431. On December 15, 2014 the district posted the finance officer position with a revised job description and minimum requirements that exceed those listed in KRS 160.431 and has employed a CPA in that position.

Recommendation two concerns board oversight of the salary schedule and employee job descriptions. Gallatin County is currently undertaking a review of all job descriptions and a revision of the salary schedule. All recommended changes will be reviewed at a regularly scheduled meeting of the board of education.

Recommendations three, four and five are to provide better oversight and management over contracted services. We will be adding an agenda item to the monthly board agendas in order to provide the board with a report on all costs associated with service contracts. We will act quickly to revise all board policies dealing with service contracts (01.11) to ensure the recommendations of this report are implemented.

Recommendation six is to review and revise our current salary schedule and to bring it into alignment with practices common across the state's public education agencies. A revised salary schedule is currently being developed and should be ready for board consideration as early as March 2015.

On behalf of the Gallatin County Board of Education and the students, staff and parents of our system I would like to thank you for helping us move forward on a pathway to excellence

Mr. Alex Tainsh
Board Chair

Mr. Travis Huber
Superintendent