

Response to Mason City Schools Special Investigation Advanced Report

email: "Jennifer.Campbell@auditor.state.ia.us
Jennifer Campbell"

Friday, December 28, 2018 at 8:35:40 AM Central Standard Time

To: email: "dversteeg@masoncityschools.org dversteeg@masoncityschools.org" , email: "jdraper@masoncityschools.org"

Dave-

Based on our conversation yesterday afternoon and my discussions with Annette and Tami, please find below our responses (in blue) to the concerns you shared regarding the special investigation report.

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To: email: "Jennifer.Campbell@auditor.state.ia.us Jennifer Campbell"
Cc: email: "jdraper@masoncityschools.org Jodi Draper"

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1515 S. Pennsylvania Ave.
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Twitter & Instagram: @MohawkSup

email: "dversteeg@masoncityschools.org Dave Versteeg"
To: email: "jdraper@masoncityschools.org Jodi Draper"

Friday, December 28, 2018 at 8:55:31 AM Central Standard Time

Jennifer's response to my request.

----- Forwarded message -----

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Date: Fri, Dec 28, 2018 at 8:35 AM
Subject: Response to Mason City Schools Special Investigation Advanced Report
To: dversteeg@masoncityschools.org <dversteeg@masoncityschools.org>, <jdraper@masoncityschools.org>

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Thank you,
Jennifer

Jennifer Campbell, CPA
Manager

Auditor of State
Lucas State Building, 2nd Flr

321 E 12th St.
Des Moines, IA 50319
Phone: (515) 242-6851
Fax: (515) 281-6518

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Dave Versteeg
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Phone: 641-421-4401

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email: "jdraper@masoncityschools.org Jodi Draper" Friday, December 28, 2018 at 9:35:12 AM Central Standard Time
To: email: "llala@masoncityschools.org Lorrie Lala"

----- Forwarded message -----

From: **Dave Versteeg** <dversteeg@masoncityschools.org>

Date: Fri, Dec 28, 2018 at 9:24 AM

Subject: Re: Response to Mason City Schools Special Investigation Advanced Report

To: Jennifer Campbell <Jennifer.Campbell@auditor.state.ia.us>

Cc: Jodi Draper <jdraper@masoncityschools.org>

Thanks for the update.

On Fri, Dec 28, 2018 at 9:24 AM Jennifer Campbell <Jennifer.Campbell@auditor.state.ia.us> wrote:

Hello!

I wanted to follow-up on one issue. I just spoke with Annette, and since we revised amounts to be included in the report, we did revise the date on the letter. I'm not in the office so I don't know if they dated it today or yesterday, but it is our standard practice to align the date with the end of significant changes.

Thank you,
Jennifer

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>>> Dave Versteeg <dversteeg@masoncityschools.org> 12/28/2018 8:54 AM >>>

Received, thank you.

On Fri, Dec 28, 2018 at 8:35 AM Jennifer Campbell <Jennifer.Campbell@auditor.state.ia.us> wrote:

Dave-

Based on our conversation yesterday afternoon and my discussions with Annette and Tami, please find below our responses (in blue) to the concerns you shared regarding the special investigation report.

1. The propriety of the superintendent separation agreement in 2016. The district contends that the separation agreement was appropriate based on the terms of the legally binding service contract with the superintendent and that no improper payments were made to the Superintendent as part of the separation agreement. The public purpose of the separation agreement was met in paragraph 12 of the agreement with a "release of claims" against the district. Furthermore, this agreement was in the public's interest as without it, the district would have suffered additional costs in litigation and or termination procedures if this agreement had not been enacted.

We agree to disagree on this topic. Based on the documentation available, our finding stands as written in the report.

2. Vacation balance payouts. It is not necessary for the district to have a specific policy on the matter as Iowa Code 91.a.2(7)(b) specifies vacation as a benefit required to be paid for by the employer.

The Code section referenced states "Vacation...due an employee under an agreement with the employer or under a policy of the employer." Because MCCSD had neither an agreement nor a policy addressing the vacation payouts classified as improper, the finding will stand as written in the report.

3. The claimed overpayment by Clear Lake CSD for the superintendent sharing agreement between 2010 and 2015. The district does not agree with the "total salary paid" figures from Table 4, used to calculate Clear Lake's share. Also, the district requests a review of all sharing agreements between the two districts during this same time period.

The other sharing agreements held between MCCSD and Clear Lake CSD did not fall within our scope because the shared employees were not within the tested groups, the contracts were held by Clear Lake and not Mason City, or other factors we considered. We reviewed the Superintendent sharing agreement workpapers and revised the District's costs for the employer share of FICA, IPERS, and other benefits costs, which reduced the overpayment made by Clear Lake to \$7,370. This overpayment amount will be disclosed in the report.

4. The use of the words "overpayment" and "underpayment" in the report. Employees were paid only for work which they did perform. In the case of almost all employees whose names are listed, any errors in the payments which they received were due to procedural shortcomings on the part of the district and the State Auditor has acknowledged that these shortcomings have been corrected.

District employees were either overpaid or underpaid compared to the salary they were eligible for. You are correct the erroneous payments were a result of procedural shortcomings, which have been explained in the report.

5. The inclusion of the names of non-administrative employees who were improperly paid. Including the names of employees who had no decision-making power, influence or authority in determining their pay. These non-administrative employees were not the focus of the investigation and serves only to create the incorrect impression that they somehow acted in a manner that was improper.

The report details the salary approval process and identifies the District employees who were involved in the decision-making and approval of the salaries paid. We feel it is clear in the report the majority of the

individuals did not have input or influence over their salary amounts. For transparency, we will not be redacting the names from the report.

6. Payments to administrators who received \$600 stipends in 2010. Our records actually report the payment at \$1,200 per person. These payments were not made from the Phase II grant but were appropriately paid from the district's general fund so as to keep administrator pay proportional to teacher pay in 2010. We have account codes and payroll documents to support this fact.

The documentation and information provided to us during fieldwork showed the payments equal to \$1,200 per person with \$600 coming from Phase II and \$600 coming from the General Fund. Our finding was based on that documentation and will stand as is in the report.

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