

STATE AUDITOR:  
BIENNIAL AUDIT OF SIX-  
DIRECTOR SCHOOL DISTRICT:

An audit made by the State Auditor pursuant to a petition by parties in a school district under Section 29.230, is, where such audit follows the requirements of Section 165.115 and is accepted by the board of directors, sufficient to obviate the necessity of the board of directors of a six-director school district to arrange for the biennial audit required in Section 165.115, RSMo 1955 Cum. Supp.

May 20, 1957

Honorable Haskell Holman  
State Auditor  
State Capitol Building  
Jefferson City, Missouri



Dear Sir:

This department is in receipt of your recent opinion request in which you ask the following:

"The Sixty-eighth General Assembly of Missouri, 1955, enacted Senate Bill No. 107 (which now is Section 165.115, Cumulative Supplement, 1955) requiring the board of directors of each six-director school district to arrange for a biennial audit of its financial affairs and attendance records. However, this department has received a petition containing the signatures of five per cent of the qualified voters of a six-director school district requesting an audit of the books and accounts of the school district as provided by Section 29.230, R.S.Mo., 1949.

"In this connection, an audit which will follow the requirements set forth in Section 165.115, Cumulative Supplement, 1955, will be made of the financial records of the school district covering a two-year period.

"I will appreciate your advice and official opinion in answer to the following question:

1. Will it be necessary for the board of directors of a six-director school district to arrange for the biennial audit of

Honorable Haskell Holman

its financial affairs and attendance records required under the provisions of Section 165.115, Cumulative Supplement, 1955, in addition to the audit made by the state auditor?"

The statutes involved herein are Sections 29.230, RSMo 1949, and 165.115 RSMo Cum. Supp. 1955.

Section 29.230 is a lengthy one and shall not be set forth fully herein; however, the pertinent part of said statute reads as follows:

"\* \* \* He [the auditor] shall audit any department, board, bureau or commission of the state which is under the control or supervision of the governor or any other elected official of the state, upon the request of the governor, and he shall further audit any political subdivision of the state whenever requested to do so by five per cent of the qualified voters of such political subdivision, determined on the basis of the votes cast for the office of governor in the last election held. Such political subdivision shall pay the actual cost thereof; provided, that no political subdivision shall be so audited by petitions more than once in any one calendar or fiscal year."  
(Words in brackets supplied.)

The other statute, Section 165.115 reads as follows:

"1. The board of directors of each six-director school district is required to arrange for a biennial audit of its financial and attendance records. The audit shall be made and sworn to by someone selected, but not regularly employed by the board of directors. The expenses of the audit shall be paid out of the incidental fund of the district.

"2. The board of directors may conduct special investigations in addition to the

Honorable Haskell Holman

regular biennial audit.

"3. The prosecuting attorney of the county in which such district is located, or, if such district be a part of two or more counties, the prosecuting attorney of the county in which the greater portion of the assessed valuation of such district lies, shall provide legal counsel and advice when requested by the auditor during the progress of the audit.

"4. All six-director school districts shall be subject to the same type of audit which shall include the following:

- (1) An examination and analysis of sources of income;
- (2) Verification of disbursements;
- (3) Reconciliation of budget items with actual receipts and disbursements;
- (4) A report of budget procedures;
- (5) An examination of legal authorization for expenditures;
- (6) An examination of board minutes, insurance policies, contracts and deeds to real estate;
- (7) Verification of assets and liabilities;
- (8) An analysis of bonded indebtedness;
- (9) An examination of capital assets, inventories, surplus accounts and vouchers payable;
- (10) Verification of all accounts paid through examination of vouchers;

Honorable Haskell Holman

- (11) A statement of whether or not the fiscal affairs of the district have been administered according to law;
- (12) An evaluation of the accounting system.

"5. The auditors shall submit copies of the audit report to each member of the board of directors, and the board shall submit the audit to the state department of education, and the county superintendent of schools immediately upon its completion. If the audit is not received by the state department of education within one hundred and twenty days following the close of the fiscal year all state aid shall be withheld until such audit is filed.

"6. The board of directors shall publish a summary of the audit report within thirty days of its receipt with a statement of where it is on file and advising that it is available for inspection."

Having set forth the question involved and the statutes giving rise to such question, it should be mentioned that there are no cases determining such question, nor have any cases been found involving analogous questions. Consequently, the question at hand must necessarily be resolved, mainly, from a study of the two above mentioned statutes.

As can be noted from Section 165.115, above, the board of directors of a six-director school district is required to arrange for a biennial audit of its financial and attendance records.

The next requirement is that the audit shall be made and sworn to by someone selected, but not regularly employed, by the board of directors.

Then, in Subsection 4 of this section the various matters which the audit shall include are set forth.

As a consequence of the audit which is required when there is a petition filed pursuant to Section 29.230, supra, and the

Honorable Haskell Holman

audit which the board of directors is required to have made under Section 165.115, supra, the particular school district is placed under a financial burden since it must pay for both audits. And, of course, the audits may cover the same period of time which further illustrates that, if possible, one audit should suffice.

Whether or not one audit is sufficient, or in other words, whether an audit made pursuant to a petition under Section 29.230, supra, is sufficient to satisfy the requirement of Section 165.115, supra, would depend upon whether or not the particular audit followed the requirements of the latter section. Since such audit could follow the requirements of Section 165.115, there being no limitation placed upon the matters covered in the audit under Section 29.230, and it having been stated in the opinion request that such audit will follow the requirements of Section 165.115, then the one audit would be sufficient. It should be further pointed out that such an audit would have to be accepted by the board of directors of the particular school district since such body is authorized to select the party who shall make the audit required in Section 165.115.

If, as stated in the opinion request, the audit made pursuant to a petition under Section 29.230 follows the requirements of Section 165.115, and is accepted by the board of directors of the particular school district, then such audit would satisfy the requirement of the biennial audit under Section 165.115.

#### CONCLUSION

It is, therefore, the opinion of this office that an audit made by the State Auditor pursuant to a petition by parties in a school district under Section 29.230, is, where such audit follows the requirements of Section 165.115 and is accepted by the board of directors, sufficient to obviate the necessity of the board of directors of a six-director school district to arrange for the biennial audit required in Section 165.115, RSMo 1955 Cum. Supp.

The foregoing opinion, which I hereby approve, was prepared by my assistant, Harold L. Henry.

Yours very truly,

John M. Dalton  
Attorney General