

Santa Cruz Elementary District #28



HC2 Box 50 / 7 Duquesne. Nogales, AZ-85621
Ph: (520) 287-0737 Fax: (520) 287-6791
www.sced28.com

September 18, 2019

Ms. Lindsey Perry, CPA, CFE
Arizona Auditor General
2910 N. 44th St. Ste. 410
Phoenix, AZ 85018-7271

Dear Ms. Perry,

We have attached our written responses. Per statute the District has addressed each finding and has also selected recommendation and implementation option.

If you have any questions regarding the answers attached to this letter, please feel free to contact myself or Mrs. Kathy Romero.

Sincerely,

Denisse Melendez, Business Office
Santa Cruz Elementary School District #28

Finding 1: Lack of District oversight led to insufficient recordkeeping and increased risk of errors and fraud

District Response: The District agrees with the finding.

Santa Cruz Elementary District #28 agrees to oversee all documentation for Food Service and Transportation Departments. All record keeping will be kept at the district, to prevent the risk of errors and fraud.

Recommendation 1: The District should maintain a copy of its food service vendor contract and related addendums; thoroughly review its invoices to ensure that amounts are billed in accordance with the contract's terms; and keep appropriate production and inventory records to ensure that food purchasing, meal planning, and staffing levels are appropriate.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has now established a new food contract with Food Service Management Company for SY 2019-2020. This contract will be used to ensure that amounts are billed in accordance to contract terms.

District has been in contact with Food Service Management and has asked for them to send in payroll timecards with invoice every month for two employees being charged to District from FSMC. District will review the invoice and ensure that amounts stated are billed in accordance to contract terms.

All inventory and production records will be kept on site to ensure that food purchasing, meal planning and charges to staffing levels are appropriate.

Recommendation 2: The District should establish and implement a policy that states what school bus preventative maintenance work will be completed at what mileage and time frame, and document the preventative maintenance and repairs in a systematic and timely manner in accordance with the policy and the State's Minimum Standards.

District Response: The District agrees with the recommendation and will implement the recommendation.

District will develop and adopt a policy for preventative maintenance as per policy #R13-13-108 from Arizona Department of Public Safety Guidelines. District will ensure it follows all state requirements for school bus preventative maintenance in accordance to new policy.

Recommendation 3: The District should limit users' access in the accounting system to only those functions needed to perform their job responsibilities.

District Response: The District agrees with the recommendation and will implement a modification to the recommendation.

The Business Office is compiled with two staff members, the Business Manager and the Accounts Payable. We have worked a system where the Business Manager and Accounts Payable person, have full access within our accounting system. Due to the fact if Business Manager is ever absent, the processing of finances can be done by Accounts Payable Staff Member User through Visions and vice versa. Both the Business Manager and

Accounts Payable work very closely to ensure that all entries and processing in our Accounting System are appropriate. Business Office will not limit users' access in the accounting system, but will ensure that those that have access will only be used to perform their job responsibilities within the accounting system.

The District will work the Auditors General's Office to establish a compensating control, to reduce the risk of errors and fraud and address the recommendation.

Recommendation 4: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts to ensure it accurately reports its spending.

District Response: The District agrees with the recommendation and will implement the recommendation.

Moving forward District will classify all transactions in accordance with the Uniform Chart of Accounts to ensure accurate spending is reported per USFR. District has reviewed list given by AZ Auditor General on reclassification of expenditures