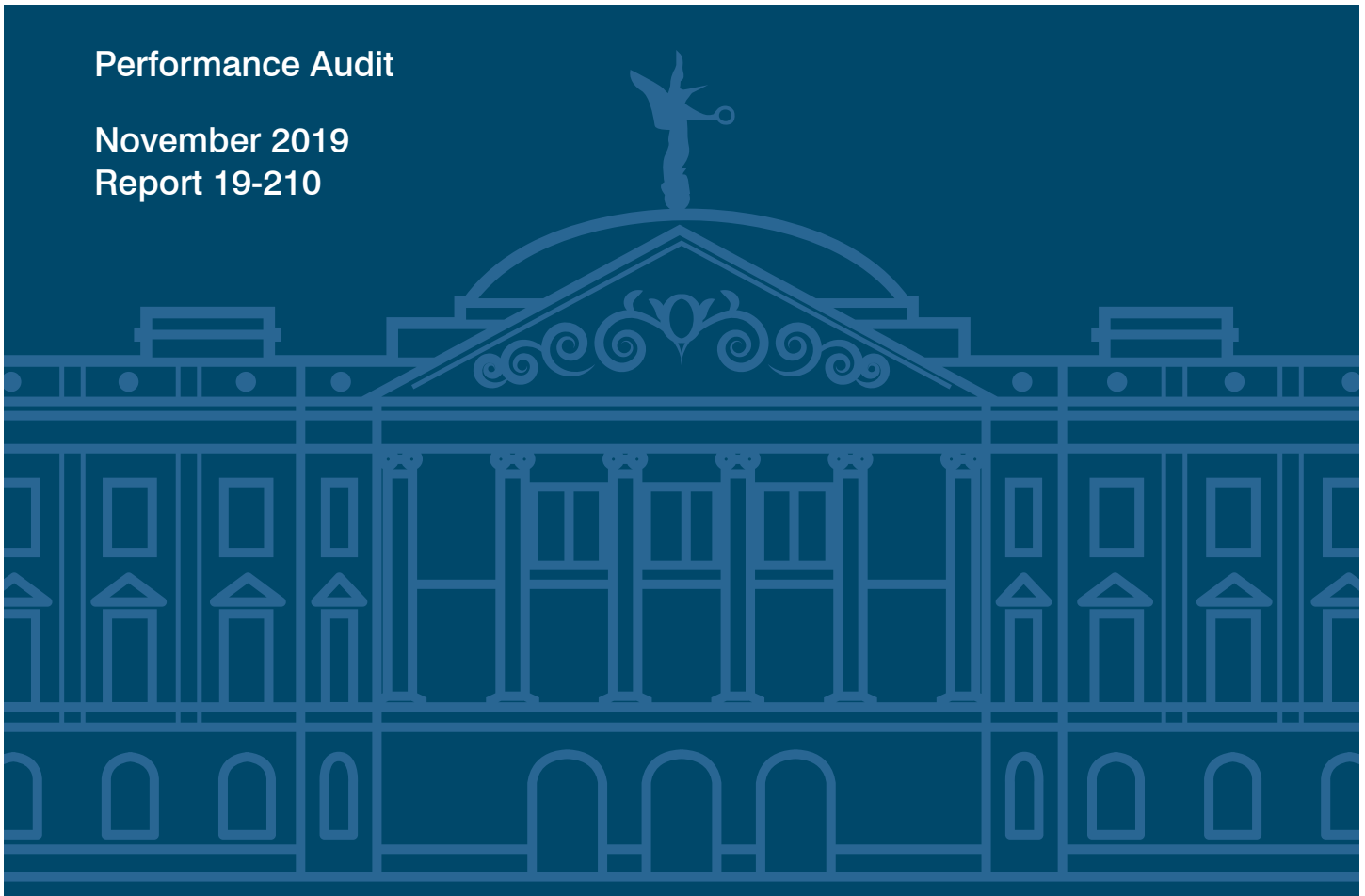


Continental Elementary School District

Performance Audit

November 2019

Report 19-210



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

Senator **Rick Gray**, Chair
Senator **Lupe Contreras**
Senator **Andrea Dalessandro**
Senator **David C. Farnsworth**
Senator **David Livingston**
Senator **Karen Fann** (ex officio)

Representative **Anthony T. Kern**, Vice Chair
Representative **John Allen**
Representative **Timothy M. Dunn**
Representative **Mitzi Epstein**
Representative **Jennifer Pawlik**
Representative **Rusty Bowers** (ex officio)

Audit Staff

Vicki Hanson, Director
John Ward, Manager

Jennifer Brown, Team Leader
Bradley Barmore

Contact Information

Arizona Office of the Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

November 5, 2019

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board
Continental Elementary School District

Ms. Roxana Rico, Superintendent
Continental Elementary School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Continental Elementary School District*, conducted pursuant to Arizona Revised Statutes §41-1279.03.

As outlined in its response, the District agrees with all of the findings and recommendations and plans to implement all of the recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

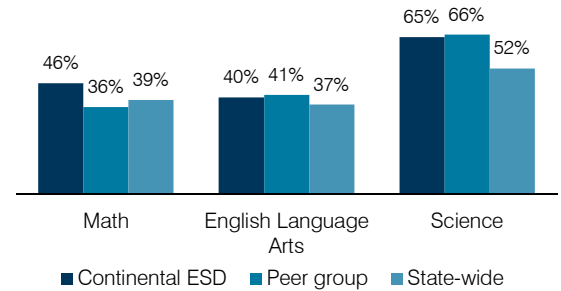
Sincerely,

Lindsey Perry, CPA, CFE
Auditor General



Rural district in Pima County
 Grades: Kindergarten through 8th
 Students attending: 511
 Number of schools: 1
 School letter grade: B

Students who passed State assessments



Total operational spending—\$4.7 million (\$9,218 per pupil)

Instructional—54.5% (\$5,025 per pupil)

Noninstructional—45.5% (\$4,193 per pupil)

Operational overview	Measure	Continental ESD	Peer average
<p>Administration—reasonably efficient but some weak controls</p> <p>The District spent 11 percent more per pupil on administration than its peer districts, on average. However, it had the largest enrollment in its peer group with almost 50 percent more students than its peer average. When compared to those peer districts with the most similar enrollment, its costs were similar. However, the District needs to strengthen some of its accounting and computer controls to reduce its risk of errors and fraud (see Finding 1, page 2).</p>	Spending per pupil	\$1,362	\$1,231
<p>Plant operations—reasonably efficient</p> <p>The District spent 10 percent less per pupil than its peer districts, on average. Because the current verified square footage for the District was unavailable as a result of untimely District reporting, we could not calculate certain other performance measures, such as spending per square foot or square footage per pupil. However, we observed that the District's building utilization and staffing levels appeared reasonably efficient.</p>	Spending per pupil	\$1,011	\$1,125
<p>Food service—efficient</p> <p>The District served a similar number of total meals as its peer districts and likewise spent a similar amount per meal as its peers. However, its spending per pupil was 36 percent less than its peers' because it served 36 percent fewer meals per pupil.</p>	Spending per meal	\$3.35	\$3.41
	Spending per pupil	\$351	\$549
<p>Transportation—efficient but more oversight needed</p> <p>The District spent less than its peer districts, on average, to operate its transportation program by efficiently staffing its program. However, the District did not ensure timely bus preventative maintenance or that bus drivers met certification requirements, resulting in potential safety risks (see Finding 2, page 5).</p>	Spending per mile	\$2.55	\$2.98
	Spending per rider	\$711	\$921

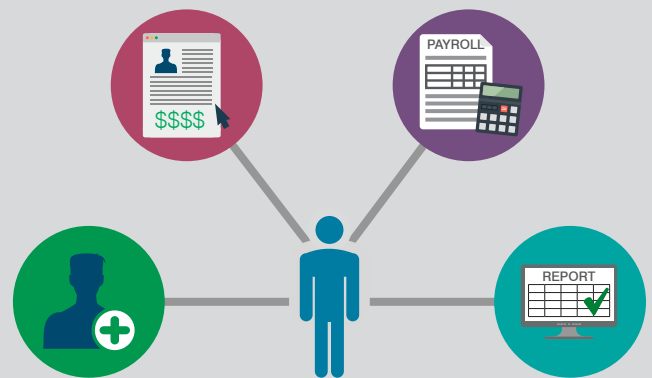
District lacked adequate accounting and computer controls, which increased risk of errors and fraud

District did not adequately separate payroll responsibilities and inappropriately loaned over \$1,000 to an employee

The District had an increased risk of errors and fraud because it did not sufficiently separate responsibilities related to its payroll processing. One District employee was responsible for entering and modifying all payroll-related information, processing payroll, and reconciling paychecks to system reports. The employee's work was not reviewed by another employee to ensure that payroll payments were accurate and appropriate. Because payroll responsibilities were not separated or adequately reviewed by another employee, the District increased its risk of payroll errors or fraud. For example, the assigned payroll employee could process false payroll payments or inappropriately modify the pay rate of any District employee without others detecting the errors or fraud. In fact, we found that the District inappropriately loaned public monies to an employee in fiscal year 2017 when it paid the employee \$1,003 more than his contracted amount. According to District officials, the then-superintendent directed the District to pay the amount beyond the employee's contract to address a unique payroll error that occurred. The employee was paid his full contracted amount over 26 pay periods rather than the 27 pay periods over which he should have been paid. To ensure that the employee received a paycheck over all the pay periods he was expecting, the superintendent allegedly authorized the overpayment to the employee.

We verified that the employee repaid the \$1,003 over the next fiscal year; however, the Arizona Constitution's gift of public monies clause does not allow public monies to be loaned to individuals, which occurred because the employee had not earned the additional pay.¹ The District's initial payroll error of paying the employee over 26 pay periods rather than 27 pay periods likely occurred because the District had not properly separated payroll responsibilities, demonstrating the importance of separating these duties and ensuring adequate supervisory review.

Inadequate separation of duties likely caused payroll error



Problem: Without an adequate independent review, a single employee was responsible for:

- Entering new employees into the system.
- Entering and revising employee pay.
- Processing payroll.
- Reconciling paychecks to system reports.

Result: District incorrectly paid 1 employee over too few pay periods. The District responded to the error by impermissibly loaning the employee \$1,003 of public monies in fiscal year 2017.

¹ A.R.S. Const., Art. 9, §7.

District did not implement adequate controls over its purchasing process and paid for an employee's personal travel

We reviewed 30 fiscal year 2017 accounts payable purchases and found that 7 of them failed to meet *Uniform System of Financial Records for Arizona School Districts* (USFR) requirements. Under these requirements, employees must obtain approval before making purchases. Additionally, districts are to pay vendors only after they have received their purchases and verified that billings are accurate. District officials indicated that these requirements are included in their own purchasing policies and procedures. However, District employees made:

- 2 purchases without evidence of obtaining prior approval.
- 2 payments for purchases without first obtaining evidence that the District had received the purchases and that billings were accurate.
- 3 purchases that failed to meet both requirements mentioned above.

In failing to consistently follow proper purchasing procedures, the District risks making and paying for purchases that are not appropriate or that it has not received. In fact, during our review of a sample of purchases, we found that the District inappropriately reimbursed the then-superintendent \$270 for personal travel. The superintendent attended a 3-day, out-of-State conference and submitted a reimbursement claim for hotel, meals, and car rental for a day that was not associated with travel to or from the conference or for conference attendance. Although the District did not approve travel costs for the additional day, it inappropriately reimbursed the superintendent anyway for the improper personal charges.

District did not implement adequate controls over cash it collected

In fiscal year 2018, the District collected cash for various donations and student dues and fees.² We reviewed 16 fiscal year 2018 cash deposits totaling approximately \$23,500 and determined that the District did not implement adequate controls to ensure that all monies received were properly deposited and accounted for. Specifically, for some cash collected, 1 District employee was solely responsible for receiving the cash, preparing it for deposit, and recording deposits in the accounting system. There was no independent review by another employee to ensure that all cash received was deposited. This lack of separation over cash handling responsibilities and lack of oversight exposed the District to an increased risk of fraud and errors, such as some cash mistakenly not being deposited. Further, the District did not always issue receipts to those from whom it collected cash, and District staff stated that they did not restrictively endorse checks they received. The USFR requires districts to issue numerically controlled receipts when they receive cash and issue the receipts in sequential order, as well as restrictively endorse checks and money orders they receive with "for deposit only."

In contrast, for almost \$20,670 that the District deposited, there was no evidence that that District issued numerically controlled receipts to individuals making cash donations or payments to the District. As a result, we could not determine whether the amounts deposited by the 1 District employee were the same as the amounts initially collected. By issuing numerically controlled receipts, the District would ensure that an independent reviewer could verify that all cash the District collected was deposited into its bank accounts. Further, in failing to issue receipts, the District is at risk of cash being misused by employees who collect it because there is no record that the cash was collected. Additionally, when checks that District employees collect are not restrictively endorsed, there is risk that the employees who collect the checks can inappropriately endorse the checks to themselves.

District lacked adequate cash-handling controls

A single employee was responsible for:



- Receiving cash.
- Preparing deposits.
- Recording deposits.

This poses a risk. Allowing 1 employee too much control over cash handling could result in the employee misusing District cash without detection or mistakenly not depositing all cash collections.

² The term "cash" used throughout this report includes cash (coins and dollars), checks, and money orders.

District did not implement adequate controls over its credit cards

The District did not adequately separate responsibilities over credit card purchases. Specifically, 1 District employee was solely responsible for maintaining custody of the District's 5 credit cards, recording purchases in the accounting system, reconciling purchase receipts to the credit card statements, and distributing payments to credit card vendors. Additionally, that employee's work was not adequately reviewed by anyone else. Further, we reviewed 2 fiscal year 2018 credit card statements and found that, for 3 purchases totaling \$585, the District did not have receipts supporting those purchases. Without supporting receipts, the District risks paying for purchases that it did not make or being charged an incorrect amount for the purchases.

District lacked adequate credit card controls

A single employee was responsible for:



- Maintaining custody of credit cards.
- Recording purchases.
- Reconciling statements.
- Distributing payments to vendors.

This poses a risk. Allowing 1 employee control over all aspects of credit card purchases could result in the employee making unauthorized purchases or paying incorrect amounts for them.

District assigned some employees too much accounting system access

We reviewed the District's July 2018 accounting system user access report for the District's 5 employee users and identified 2 business office employees who had more access to the accounting system than they needed to perform their job duties. Both accounting system users were able to initiate and complete transactions without an independent review and approval—1 employee for payroll transactions, and 1 employee for payroll and purchasing transactions. This access exposed the District to an increased risk of errors and fraud, such as these users processing false invoices, changing employee pay rates, or adding and paying nonexistent vendors or employees without being detected.

One of these employees also inappropriately had administrator-level access to the accounting system, which granted her full control over system settings. Although no improper transactions were noted during our review, the employee's administrator-level access would allow her to add new users, as well as modify all users' access levels in the accounting system. With administrator-level access, the employee could also grant herself full access to view and edit all payroll and purchasing data in the system and potentially complete improper transactions, likely without being detected. To mitigate error and fraud risks, administrator-level access should be granted to an employee outside the business office who is not responsible for processing accounting transactions.

Recommendations

The District should:

1. Ensure proper separation of responsibilities over its payroll process, including adequate supervisory review.
2. Only pay its employees according to their contracted amounts.
3. Ensure that employees make purchases only after obtaining proper approval and pay vendors or reimburse employees only after verifying that purchases are appropriate, documenting that all purchases have been received, and ensuring that billings are accurate.
4. Strengthen its controls over cash handling by separating responsibilities over collecting, depositing, and reconciling cash among current employees; preparing and issuing numerically controlled receipts for all cash that it receives; and restrictively endorsing checks upon receipt.
5. Ensure proper separation of responsibilities over credit card purchases and pay for credit card purchases only after verifying them against issued receipts.
6. Limit users' access in the accounting system to only those functions needed to perform their job duties, including removing the business office employee's administrator-level access and transferring it to someone outside the business office.

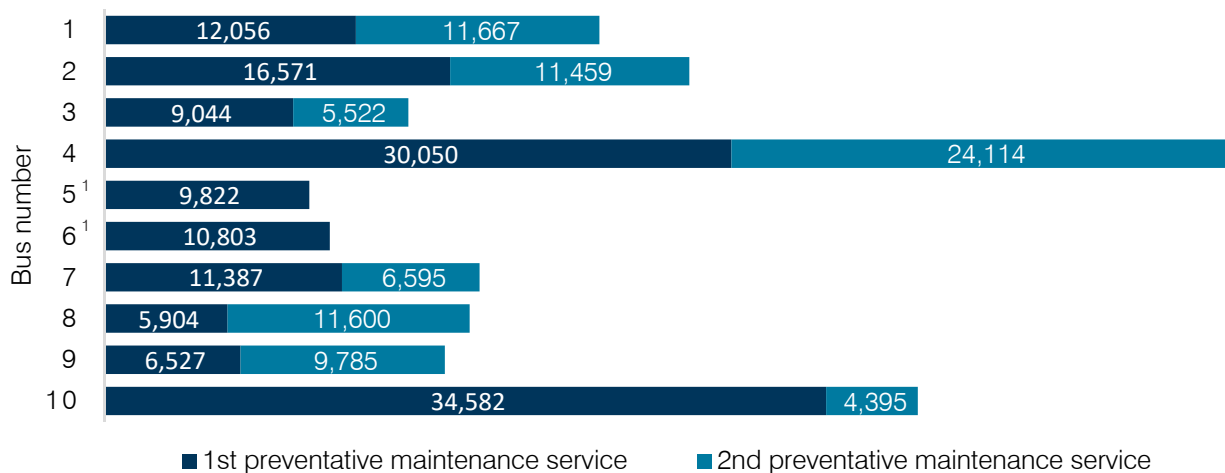
District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.

District did not adequately oversee its transportation program, resulting in potential safety risks

District did not systematically perform preventative maintenance on its buses

According to the *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards) administered by the Department of Public Safety, school districts must be able to demonstrate that their school buses receive systematic preventative maintenance and inspections. Preventative maintenance includes items such as periodic oil changes, tire and brake inspections, and inspections of safety signals and emergency exits. These standards help ensure school bus passengers' safety and extend the useful life of buses. However, the District did not meet this requirement. We reviewed preventative maintenance records for the 10 buses that the District operated in October 2018. Specifically, we reviewed the buses' last 2 preventative maintenance services that included oil changes during the prior 2.5 years. During this time period, the 10 buses received a total of 18 of these services. We found that intervals between these preventative maintenance services ranged from 4,395 miles to nearly 35,000 miles. The wide variance in these service intervals demonstrates that the District did not perform preventative maintenance systematically.

Figure 1
Miles driven between preventative maintenance services for the District's 10 buses
April 2016 through October 2018



¹ Two buses had only 1 preventative maintenance service during this time period.

Source: Auditor General staff analysis of District-maintained bus maintenance records for April 2016 through October 2018 and staff observation of bus odometers in October 2018.

The District's lack of a systematic approach likely occurred because it lacked established policies pertaining to how often various preventative maintenance services were to be performed. It also lacked adequate procedures to ensure those services occurred.

District did not ensure its bus drivers met certification requirements

The Minimum Standards also require districts to ensure that bus drivers are properly certified and pass a variety of drug, alcohol, and physical tests, as well as knowledge and skills tests. However, the District did not ensure that all its bus drivers met the Minimum Standards because it did not establish adequate procedures to track bus drivers' certification expirations. We reviewed certification records for 10 of the District's 12 bus drivers employed in October 2018 and found that 6 drivers did not meet 1 or more certification requirements. Specifically:

- 4 drivers had lapses in their required annual drug tests that ranged from 3 to 7 weeks.
- 1 driver had a 3-week lapse in a required physical examination.
- 1 driver had a 6-month lapse in a required physical performance test.
- 1 driver had a 1-week lapse in a required CPR and first aid certification.

Recommendations

The District should:

7. Develop and implement bus preventative maintenance policies indicating services to perform and how often, as well as procedures to track and document that services are systematically performed to ensure student safety and to comply with the State's Minimum Standards.
8. Develop and implement procedures to ensure that bus drivers meet certification requirements and document that requirements have been met to help ensure student safety and to comply with the State's Minimum Standards.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.



SUMMARY OF RECOMMENDATIONS

Auditor General makes 8 recommendations to the District

The District should:

1. Ensure proper separation of responsibilities over its payroll process, including adequate supervisory review (see Finding 1, pages 2 through 4, for more information).
2. Only pay its employees according to their contracted amounts (see Finding 1, pages 2 through 4, for more information).
3. Ensure that employees make purchases only after obtaining proper approval and pay vendors or reimburse employees only after verifying that purchases are appropriate, documenting that all purchases have been received, and ensuring that billings are accurate (see Finding 1, pages 2 through 4, for more information).
4. Strengthen its controls over cash handling by separating responsibilities over collecting, depositing, and reconciling cash among current employees; preparing and issuing numerically controlled receipts for all cash that it receives; and restrictively endorsing checks upon receipt (see Finding 1, pages 2 through 4, for more information).
5. Ensure proper separation of responsibilities over credit card purchases and pay for credit card purchases only after verifying them against issued receipts (see Finding 1, pages 2 through 4, for more information).
6. Limit users' access in the accounting system to only those functions needed to perform their job duties, including removing the business office employee's administrator-level access and transferring it to someone outside the business office (see Finding 1, pages 2 through 4, for more information).
7. Develop and implement bus preventative maintenance policies indicating services to perform and how often, as well as procedures to track and document that services are systematically performed to ensure student safety and to comply with the State's Minimum Standards (see Finding 2, pages 5 through 6, for more information).
8. Develop and implement procedures to ensure that bus drivers meet certification requirements and document that requirements have been met to help ensure student safety and to comply with the State's Minimum Standards (see Finding 2, pages 5 through 6, for more information).



Objectives, scope, and methodology

We have conducted a performance audit of Continental Elementary School District pursuant to Arizona Revised Statutes §41-1279.03(A)(9). This audit focused on the District's efficiency and effectiveness primarily in fiscal year 2017 in the 4 operational areas bulleted below because of their effect on instructional spending, as previously reported in our annual report, *Arizona School District Spending*. This audit was limited to reviewing instructional and noninstructional operational spending (see textbox). Instructional spending includes salaries and benefits for teachers, teachers' aides, and substitute teachers; instructional supplies and aids such as paper, pencils, textbooks, workbooks, and instructional software; instructional activities such as field trips, athletics, and co-curricular activities, such as choir or band; and tuition paid to out-of-State and private institutions. Noninstructional spending reviewed for this audit includes the following:

Operational spending

Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with acquiring capital assets (such as purchasing or leasing land, buildings, and equipment), interest, and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

- **Administration**—Salaries and benefits for superintendents, principals, business managers, and clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other spending related to these services and the governing board.
- **Plant operations and maintenance**—Salaries, benefits, and other spending related to equipment repair, building maintenance, custodial services, groundskeeping, and security; and spending for heating, cooling, lighting, and property insurance.
- **Food service**—Salaries, benefits, food supplies, and other spending related to preparing, transporting, and serving meals and snacks.
- **Transportation**—Salaries, benefits, and other spending related to maintaining buses and transporting students to and from school and school activities.

Financial accounting data and internal controls—We evaluated the District's internal controls related to expenditure processing and scanned all fiscal year 2017 payroll and accounts payable transactions in the District's detailed accounting data for proper account classification and reasonableness. Additionally, we reviewed detailed payroll and personnel records for 30 of the 124 individuals who received payments in fiscal year 2017 through the District's payroll system and reviewed supporting documentation for 30 of the 2,510 fiscal year 2017 accounts payable transactions. We reviewed fiscal year 2017 spending and prior years' spending trends across operational categories to assess data validity and identify substantial changes in spending patterns. We also evaluated other internal controls that we considered significant to the audit objectives, including controls over cash handling, credit card purchases, and transportation program requirements. This work included reviewing the District's policies and procedures and, where applicable, testing compliance with these policies and procedures, reviewing controls over the District's relevant computer systems, and reviewing controls over reporting various information used for this audit. We reported our conclusions on any significant deficiencies in applicable internal controls and the District's needed efforts to improve them in our findings.

Peer groups—We developed 3 peer groups for comparative purposes. To compare the District's student achievement, we developed a peer group using district poverty rates as the primary factor because poverty rate has been shown to be associated with student achievement. District type and location were secondary factors used to refine these groups. We

used this peer group to compare the District’s fiscal year 2017 student passage rates on State assessments as reported by the Arizona Department of Education (ADE). We also reported the District’s ADE-assigned school letter grade. To compare the District’s operational efficiency in administration, plant operations and maintenance, and food service, we developed a peer group using district size, type, and location. To compare the District’s transportation efficiency, we developed a peer group using a 5-year historical average of miles per rider and location. We used these factors because they are associated with districts’ cost measures in these areas.

Comparison areas	Factors	Group characteristics	Number of districts in peer group
Student achievement	Poverty rate	Less than 16%	7
	District type	Elementary school districts	
	Location	Towns and rural areas	
Administration, plant operations and maintenance, and food service	District size	Between 200 and 599 students	11
	District type	Elementary school districts	
	Location	Towns and rural areas	
Transportation	Miles per rider	Between 230 to 299 miles per rider	17
	Location	Towns and rural areas	

Source: Auditor General staff analysis of district poverty rates from the U.S. Census Bureau; location data from the National Center for Education Statistics; and district type, number of students, miles, and riders from the Arizona Department of Education.

Efficiency and effectiveness—In addition to the considerations previously discussed, we also considered other information that impacts spending and operational efficiency and effectiveness as described below:

- **Interviews**—We interviewed various District employees in the scoped operational areas about their duties. This included District and school administrators, department supervisors, and other support staff who were involved in activities we considered significant to the audit objectives.
- **Observations**—To further evaluate District operations, we observed various day-to-day activities in the scoped areas. This included administrative operations, facility tours, food service operations, and transportation services.
- **Report reviews**—We reviewed various summary reports of District-reported data including its *Annual Financial Report*, accounting system user reports, transportation route reports provided by ADE, transportation safety reports provided by the Department of Public Safety, and reports required for the federal school lunch program. Additionally, we reviewed food service-monitoring reports from ADE and District-submitted compliance questionnaire results that its contracted external audit firm completed.
- **Analysis**—We reviewed and evaluated fiscal year 2017 spending on administration, plant operations and maintenance, food service, and transportation and compared it to peer districts’. Additionally, we reviewed various documents demonstrating the District’s level of internal control over payroll, purchasing, cash handling, credit cards, bus driver certification, and bus preventative maintenance. We also compared the number of meals that the District served compared to its peer districts’. Further, we reviewed the District’s food service revenues compared to its costs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the District’s board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE



Continental School District No. 39

Governing Board

Ruth E. Bennett, *President*
Andrew McGibbon, *Clerk*
Sergio Arellano, *Member*
Shelley Kais, *Member*
Stephen Oesterle, *Member*

Administration

Roxana Rico, *Superintendent*
DeAnna Cuevas, *Principal*
Steven Lathen, *Director of Student Services*
Stacy Matthews, *Director of Business Services*

Address

1991 E. White House Canyon Road
P. O. Box 547
Green Valley, Arizona 85622-0547
Telephone: 520.625.4581
Fax: 520.648.2569
<http://www.continentalesd.org>

October 29, 2019

Ms. Lindsey Perry
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry,

The Continental School District respectfully submits its response to the performance audit report conducted for fiscal year 2017. The Continental School District would like to extend our appreciation to Mr. John A. Ward, Manager of the Division of School Audits, and his team for their time and patience demonstrated throughout the auditing process.

The District concurs with the findings and recommendations resulting from the audit. We continually strive to perform at the highest levels of academic and fiscal management.

If you have any questions regarding the answers attached to this letter, please feel free to contact myself or Ms. Stacy Matthews, Director of Business Services.

Sincerely,

Roxana Rico
Superintendent
Continental School District No. 39

Finding 1: District lacked adequate accounting and computer controls, which increased risk of errors and fraud

District Response: The District agrees with the finding.

The district has already or will implement the following changes in order to reduce the risk of errors and fraud.

Recommendation 1: Ensure proper separation of responsibilities over its payroll process, including adequate supervisory review.

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

Director of Business Services and Director of Human Resources have already developed a system to separate responsibilities and to provide a checks and balances for each other's work.

Recommendation 2: Only pay its employees according to their contracted amounts.

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

Director of Business Services will review payroll journal and spot check actuals inputted by Director of Human Resources.

Recommendation 3: Ensure that employees make purchases only after obtaining proper approval and pay vendors or reimburse employees only after verifying that purchases are appropriate, documenting that all purchases have been received, and ensuring that billings are accurate.

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

The district will ensure that purchasing procedures are followed.

Recommendation 4: Strengthen its controls over cash handling by separating responsibilities over collecting, depositing, and reconciling cash among current employees; preparing and issuing numerically controlled receipts for all cash that it receives; and restrictively endorsing checks upon receipt.

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

Director of Business Services is working with Accounts Payable to develop a system to strengthen controls over cash handling. Mail will be opened together and sign that funds were received. Director of Business Services will handle receipts and Accounts Payable will handle deposits. A stamp indicating DEPOSIT ONLY has been ordered.

Recommendation 5: Ensure proper separation of responsibilities over credit card purchases and pay for credit card purchases only after verifying them against issued receipts.

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

The following process has been put in place. Director of Business Services will maintain custody of the credit cards. Accounts payable will be responsible for recording purchases and Director of Business Services will reconcile statements and Accounts payable will distribute payment to vendors.

Recommendation 6: Limit users' access in the accounting system to only those functions needed to perform their job duties, including removing the business office employee's administrator-level access and transferring it to someone outside the business office.

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

The district has already removed the Director of Business Services administrator-level access to accounting system. Future entries will be closely monitored to ensure the user only has access appropriate to their job.

Finding 2: District did not adequately oversee its transportation program, resulting in potential safety risks

District Response: The District agrees with the finding.

The district has a new Transportation Coordinator and the district has already or will implement the following changes to ensure minimizing of safety risks.

Recommendation 7: Develop and implement bus preventative maintenance policies indicating services to perform and how often, as well as procedures to track and document that services are systematically performed to ensure student safety and to comply with the State's Minimum Standards.

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

Director of Transportation along with Transportation Coordinator have developed a Google Doc in order to track and document services to ensure preventative maintenance policies are followed. Winter break will be when preventative maintenance and oil changes are conducted.

Recommendation 8: Develop and implement procedures to ensure that bus drivers meet certification requirements and document that requirements have been met to help ensure student safety and to comply with the State's Minimum Standards.

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

Director of Transportation along with Transportation Coordinator have developed a Google Doc in order to track and document training services and to ensure certification requirements are met. Director of Human Resources will also have access to Google Doc and will assist with ensuring requirements are met. Transportation coordinator will meet with DPS in August to review training and documentation for all drivers.

