



Office of the Superintendent
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Telephone No.: (520) 545-2025

December 20, 2019

Ms Lindsey Perry
Auditor General Office
Division of School Audits
2910 N 44th Street
Phoenix, AZ 85018

Dear Ms. Perry,

Sunnyside Unified School District #12 has received and reviewed the FY18 Performance Audit Report. We agree with all of the findings and all of the recommendations set forth. SUSD#12 will implement all of the recommendations provided by your office.

The information provided has given us an opportunity to make improvements and corrections that will result in improved efficiency, transparency and compliance.

SUSD#12 would like to thank the Auditor General's staff for their professionalism, patience and advice throughout the entire process.

Attached is the District's response to each of the findings and recommendations.

Respectfully,

Steve Holmes
Superintendent

Attachment

Finding 1: District's inadequate accounting and computer controls increased risk of errors and fraud and led to incorrect payments

District Response: The District agrees with the finding.

The District has already implemented changes in its accounting and computer controls to correspond to the appropriate level of access required by the employees. The District implemented a new ERP system (VISIONS) and during the implementation year, access levels had not been revised to correspond to the level required of different employees' job responsibilities. That has now been addressed and corrected.

Recommendation 1: The District should look for ways to ensure prompt repayment of all amounts owed for unsupported travel expenses charged on District credit cards, such as removing credit card privileges until unsupported amounts are repaid.

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

The District requires Governing Board members and the Superintendent to check out credit cards prior to using for official out of town/overnight business and check them in, with appropriate receipts after returning from official business. Unsupported travel expenses charged to the District credit card require repayment to the District by the individual as soon as possible. Checking out of credit card will not be allowed until all outstanding amounts are paid in full. As of this date, December 20, 2019 the unsupported travel expenses owed by a past Board member and a current Board member have been paid in full.

Recommendation 2: The District should revise its travel policy to include guidelines related to using the most reasonable economic means possible for travel arrangements.

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

District Travel Policy will include guidelines and language related to using the most reasonable economic means possible for travel arrangements.

Recommendation 3: The District should ensure Board members are familiar with the District's credit card and travel policies and procedures and consequences for not following them and require them to sign a credit card user agreement.

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

Annually, the District will review with Board members the District's credit card and travel policies and procedures and require them to sign the credit card user agreement and acknowledgement that these have been reviewed and discussed with them and that they understand the consequences for not following them.

Recommendation 4: The District should improve its cash collection procedures, including reviewing voided sales; recording information that can be used to verify that the appropriate amount of cash was collected, such as the number of items sold and each item's selling price; and reviewing supporting documentation when reconciling bank statements.

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

The District will implement a process for reviewing voided sales and cash collections.

Recommendation 5: The District should ensure that it requires an independent review and approval for all its purchases prior to the purchases being made.

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

The District agrees with the recommendation and has implemented procedures for reviewing and approving all of its purchases prior to the purchase being made. Currently, the District has in place a process that identifies all purchases made prior to the issuance of purchase orders. Once identified, mandatory attendance of a “one on one” meeting with that individual to discuss and explain the proper purchasing procedures is scheduled and completed with the Director of Business Operations. Recommendations will be made to the Superintendent to further strengthen the process that will include disciplinary action towards the employee in the event of future infractions.

Recommendation 6: The District should establish and implement procedures to review employee pay to help ensure that employees are paid correctly.

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

The Director of Financial Operations and the Director of Human Resources will establish procedures to review employee pay to ensure that employees are paid correctly.

Recommendation 7: The District should revise its policy to require that its governing board members complete the District’s annual Conflict of Interest Disclosure Form.

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

The District will revise its policy and annually require its Governing Board members complete the District’s Conflict of Interest Disclosure Form.

Recommendation 8: The District should conduct annual training to ensure District conflict-of-interest policies are communicated to employees and governing board members and acknowledged as received and understood.

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

Annually, the District will present to all of its Administrators training to ensure District Conflict of Interest policies are communicated to employees and Governing Board members.

Recommendation 9: The District should implement a process to ensure that all employees and governing board members complete the District’s annual Disclosure Form, according to District policy, and maintain completed Disclosure Forms in a file.

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

The District has implemented an annual electronic process and procedure to disseminate to all of its employees and Governing Board members the District's annual Disclosure Form. The Information Technologies Department will electronically transmit, record, track and store the forms. Two weeks after the initial dissemination of the form, a record of those individuals not responding to the initial request will be prepared and those individuals' supervisor shall be notified and directed to contact the employee(s) and require the submission of the form.

Recommendation 10: The District should review Disclosure Forms completed by employees and governing board members in a timely manner and flag higher-risk transactions for situations of identified conflicts of interest to ensure appropriate safeguards are taken and District policies are appropriately followed.

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

The Information Technologies Department will identify those employees and Governing Board members that have disclosed a "potential" conflict of interest and forward the list to the Chief Financial Officer who will then contact those individuals and schedule a meeting to obtain additional information. Those identified as "higher risk" shall be flagged and the Human Resources Department and/or Purchasing Department shall be notified. In addition, cross checking of pertinent information (i.e. relationships and addresses) shall be conducted in the "IVISIONS" software to ensure additional verification of potential conflicts of interest.

Recommendation 11: The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job duties.

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

The District has already taken steps to limit users' access in the accounting system and only those levels necessary to perform their job duties have been granted.

Recommendation 12: The District should review and reduce the number of users with administrator-level access to its accounting system to reduce the risk of unauthorized access.

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

The District has already taken steps and reduced the number of users with administrator-level access to its accounting system and reduced the risk of unauthorized access.

Recommendation 13: The District should improve procedures to ensure that terminated employees have their computer network and accounting system access promptly removed to reduce the risk of unauthorized access.

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

The District has in place procedures to ensure that terminated employees have their computer network and accounting system access promptly removed. Additional automated and non-automated measures will be taken to ensure coordination of effort between the Human Resources Department, Payroll Office and Information Technology Department

Recommendation 14: The District should review its IT contingency plan to ensure it is complete, test it at least annually to identify and remedy any deficiencies, and document the results of the test.

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

The District will continue to review its IT contingency plan and at least annually identify and remedy any identified deficiencies and document the results of the test.

Finding 2: District provided food and beverages at District events and public café without express statutory authority to do so

District Response: The District agrees with the finding.

The District accepts the findings and has contacted legal counsel, requesting legal advice and will proceed as recommended.

Recommendation 15: The District should stop providing food and beverages for any purposes for which it does not have express statutory authority.

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

The District accepts the findings and has contacted legal counsel, requesting legal advice and will proceed as recommended.

Recommendation 16: The District should ensure that it has express statutory authority before providing food and beverages. For each allowable District event, the District should document its statutory authority, document the public purpose and benefit of providing food and beverages at the event, ensure the event and all purchases are in accordance with its policies, maintain proper approval and itemized receipts for all purchases, document the funding source used, and ensure any purchases are an allowable use of the funding source.

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

The District accepts the findings and agrees with the recommendation

Recommendation 17: The District should ensure that revenues from statutorily authorized events cover all related costs.

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

The District shall take the necessary steps and measures to ensure that revenues from statutorily authorized events cover all related costs.

Finding 3: Lack of transportation oversight led to increased student safety risk and insufficient documentation

District Response: The District agrees with the finding.

Recommendation 18: The District should develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented 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.

The District has implemented an electronic data base within the District's "Edulog Routing System" that maintains, records and documents all bus driver certifications, physical examinations, drug and alcohol tests, physical performance tests, CPR and first aid certification and refresher training.

Recommendation 19: The District should establish and implement a formal written policy that states what school bus preventative maintenance work will be completed at what mileage and time frame, and maintain documentation of preventative maintenance performed 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.

The District has initiated utilization of the "Fleet Pro" software module in the Transportation Department's "Edulog Routing System" that tracks all vehicle maintenance records. The District has implemented the scheduling of preventative maintenance of its bus fleet utilizing the last digit of the bus number that determines which month the vehicle will be serviced. The District will develop and implement a formal written policy that states what school bus preventative maintenance work will be completed at what mileage and time frame.