

The October 2020 Cochise Elementary School District performance audit found that the District needs to improve its oversight of its transportation program and potentially harmful surplus equipment to ensure student safety, and the District’s high food costs and low meal prices cost it about \$14,000. We made 19 recommendations to the District, and its status in implementing the recommendations is as follows:

**Status of 19 recommendations**

Implemented:	10
Implemented in a different manner:	1
Implementation in process:	1
<b>Not implemented:</b>	<b>7</b>

We will conduct a 42-month followup with the District on the status of the recommendations that have not yet been implemented.

**Finding 1: District put student safety at risk by not ensuring school buses were maintained; did not maintain documentation that bus drivers met all certification requirements; and misreported miles, resulting in underfunding**

1. To help ensure school bus passengers’ safety and extend the useful life of its buses, the District should:
  - a. Require and train its school bus drivers to use a tire pressure gauge during their pretrip safety inspections to accurately assess bus tire pressure and ensure bus tires are properly inflated before transporting students.  
**Implemented at 24 months**
  - b. Implement a process to ensure that the District’s transportation supervisor timely and consistently reviews daily pretrip inspection reports.  
**Implemented at 18 months**
  - c. Implement a process to ensure that bus drivers communicate daily any identified bus issues to the District’s transportation supervisor.  
**Implemented at 18 months**
  - d. Ensure that school bus repairs are timely performed and documented in accordance with the State’s *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards).  
**Not implemented**—In December 2022, the District developed new procedures related to performing and documenting school bus repairs that appeared to be in accordance with the State’s Minimum Standards. However, our review of the District’s repair and transportation records for January through April 2023 found that for the 2 repairs made during this time frame, the District did not follow its new procedures for documenting school bus repairs. Contrary to the District’s policy, the 2 repairs were not documented in a maintenance log. By not documenting repairs, the District cannot ensure that it is making timely repairs to its school buses or that its school buses are in good working order and are safe for transporting its students. We will reevaluate the District’s compliance with its new school bus maintenance procedures at the 42-month followup.

- e. Implement a process to track and document when school bus preventative maintenance is due and performed and ensure school bus preventative maintenance is performed in a systematic and timely manner in accordance with District policy and the State's Minimum Standards.

**Implemented at 24 months**

- f. Review the State's Minimum Standards to ensure it is aware of and complying with all requirements related to school bus inspections, repairs, and maintenance.

**Not implemented**—In July 2022, the District reviewed the State's Minimum Standards and in December 2022, developed procedures for school bus inspections, repairs, and maintenance that appeared to comply with the State's Minimum Standards. However, as explained in recommendation 1d, the District did not follow its new procedures for documenting school bus repairs. We will reevaluate the District's compliance with its new school bus maintenance procedures at the 42-month followup.

- 2. The District should ensure that school bus driver certification requirements are documented and kept in accordance with the State's Minimum Standards to help ensure school bus passengers' safety.

**Implemented at 18 months**—Our review of files for all 3 of the District's fiscal year 2022 school bus drivers found that all certification requirements were current and appropriately documented in accordance with the State's Minimum Standards.

- 3. The District should annually review the Arizona Department of Education's (ADE) most recent transportation guidance and accurately calculate and report to ADE the number of route miles traveled for State funding purposes.

**Implemented at 18 months**—District officials stated that they reviewed ADE's transportation guidance and watched a webinar in January 2022 prior to submitting fiscal year 2022 transportation route reports to ensure the District accurately reported miles and riders to ADE for the first 100 days of school. We reviewed the District's bus logs for the first 100 days of school and confirmed that the District accurately reported the number of route miles traveled and the number of students transported for State funding purposes in fiscal year 2022.

- 4. The District should work with ADE regarding needed corrections to its transportation funding report until all funding errors that the misreported mileage caused are fully corrected.

**Not implemented**—As we reported in the previous 24-month followup, although the District worked with ADE in August 2021 to resubmit its fiscal year 2018 transportation funding report, the District did not correct the errors we identified during the audit. Therefore, the District's funding did not change. If the District had corrected its transportation funding report, then it would have received nearly \$10,000 in additional funding. Because ADE can only modify data that impacts State aid for the previous 3 fiscal years, the District can no longer make corrections to its fiscal year 2018 transportation funding report.

## **Finding 2: District's high food costs and low meal prices cost it about \$14,000 in monies that could have been spent on instruction**

- 5. The District should implement more efficient practices in its food service program to reduce its spending by:

- a. Planning menus around the availability of free foods available to the District through the United States Department of Agriculture's (USDA) Food in Schools program.

**Implemented at 24 months**—District officials stated that they began planning menus to include free fruits and vegetables available through the USDA Food in Schools program for fiscal year 2023. We reviewed the District's fiscal year-to-date 2023 USDA Food in Schools program usage report and found that the District has ordered and received \$4,409 in free foods, or 91 percent of the District's fiscal year 2023 entitlement. The District did not order any of its USDA Food in Schools entitlement during the audit year.

- b. Regularly reconciling and reviewing food inventory to limit spoilage and to better plan menus around food already purchased.

**Not implemented**—The District has not maintained a food inventory and has not reviewed or reconciled all in-stock food inventory on a regular and recurring basis. Further, District officials stated that they do not plan menus around food already purchased, other than fruits and vegetables received through the USDA Food in Schools program. If the District had maintained a food inventory and regularly reviewed and reconciled it to in-stock food inventory, it may have reduced spoilage and better planned menus around food it had already purchased. By adopting such a practice, the District could have reduced the amount of money it diverted to its food service program from its other priorities, including instruction.

- c. Creating and reviewing meal production and usage records to identify overproduction, limit waste, and increase meal participation by identifying the most popular menu items.

**Not implemented**—Although the District began creating and tracking meal production and usage records in fiscal year 2022 and continued to do so for fiscal year 2023, District officials did not use these records to identify the most popular menu items and thereby avoid overproduction, limit waste, and increase meal participation. Instead, District officials stated they rely on their personal knowledge and judgement to identify the most popular menu items. However, this process does not appear to be effective in limiting waste or increasing meal participation. Our review of the District's production and usage records for the months of February and March 2023 found that it produced approximately 10 percent more lunches than it served, or 240 lunches, wasting about \$1,531 for those 2 months. Further, District officials stated that the District prepares extra lunches in case students need them, and menus are not planned around food already purchased but are instead based on their personal knowledge of students' preferences.

- 6. The District should increase its food service program revenues and reduce its need to subsidize its food service program with monies that could be used for instruction by:

- a. Increasing adult meal prices to cover the cost of preparing each meal.

**Not implemented**—According to District officials, adult meal prices remained at \$3.50 per meal for fiscal year 2023. However, this price still did not cover the District's fiscal year 2022 cost per meal of \$6.38, as reported in our *School District Spending Analysis—Fiscal year 2022*, resulting in a net loss of approximately \$2.90 per adult meal served. District officials stated that they did not calculate the District's cost per meal or other efficiency measures related to its actual food service program costs to use as a basis when setting adult meal prices in fiscal year 2023, but they intend to do so during fiscal year 2024.

- b. Increasing student meal prices to help reduce food service program losses.

**Implementation in process**—According to District officials, student meal prices increased by \$0.25 for fiscal year 2023. As explained in recommendation 6a, District officials stated that they did not calculate the District's cost per meal or other efficiency measures related to its actual food service program costs. However, in fiscal year 2022, the District had reduced its food service program loss to \$10,352, or approximately 13 percent of total food service program expenditures for that year. By comparison, between fiscal years 2018 through 2021, the District had an average annual food service program loss of \$38,955, and its food service program losses ranged between 51 and 60 percent of its total food service program expenditures in each of these years. We will review the District's fiscal year 2023 food service program revenues and expenditures at the 42-month followup after it submits its food service annual financial report.

- 7. The District should monitor whether its food service program is operating at a loss by comparing food service spending to revenues at least monthly.

**Implemented at 18 months**

### Finding 3: District did not restrict student access to and dispose of potentially harmful equipment

8. The District should restrict student access to potentially harmful surplus equipment on campus until disposed of to help ensure student safety.

**Implemented at 18 months**

9. The District should dispose of any surplus District equipment in accordance with the Arizona Administrative Code.

**Implemented at 18 months**

### Finding 4: District did not appropriately limit user's accounting system access to decrease risk of errors and fraud, and misclassified expenditures resulting in inaccurate financial reporting

10. The District should limit the accounting system user's access to ensure that the user cannot initiate and complete payroll and purchasing transactions and provide accounting system access to a second user to separate responsibilities and provide for independent reviews and approvals.

**Implemented in a different manner at 18 months**—Although the District has not limited user access in the accounting system or provided accounting system access to a second user, the District developed alternative management review procedures. The procedures provide proper separation of duties and ensure that a single user cannot initiate and complete payroll and purchasing transactions without an independent review and approval. Our review of a sample of 5 voucher packets from fiscal year 2022 found that the District was following these procedures.

11. The District should review the Uniform Chart of Accounts for school districts and implement its guidance to accurately classify all expenditures when reporting its spending.

**Not implemented**—The District has not ensured that its staff responsible for classifying expenditures reviewed the Uniform Chart of Accounts for school districts or implemented its guidance to accurately account for and report its spending. Our review of the District's fiscal year-to-date 2023 expenditures found that it continued to incorrectly classify transactions similar to what we identified during the audit.