

The November 2019 Continental Elementary School District performance audit found that the District lacked adequate accounting and computer controls, which increased the risk of errors and fraud, and did not adequately oversee its transportation program, resulting in potential safety risks. We made 8 recommendations to the District, and its status in implementing the recommendations is as follows:

## Status of 8 recommendations

Implemented: 8

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement recommendations from the November 2019 report.

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

1. The District should ensure proper separation of responsibilities over its payroll process, including adequate supervisory review.

**Implemented at 18 months**—The District revised its payroll procedures so that no employee can initiate and complete a payroll transaction without an independent review. We reviewed 2 fiscal year 2021 pay periods and determined that the District followed its payroll procedures and adequately separated payroll responsibilities to reduce its risk of payroll errors or fraud.

2. The District should only pay its employees according to their contracted amounts.

**Implemented at 24 months**—We reviewed a risk-based sample of 5 employees' payroll payments for fiscal year 2021, and the District appropriately paid them all according to their contracts and employment agreements.

3. The District should 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.

**Implemented at 18 months**—To encourage employees to follow the District's purchasing procedures, in August 2020, the District's business manager informed all staff of proper purchasing procedures and that the District would not reimburse any purchases they made and paid for but for which they did not receive prior approval. Our review of a sample of 10 fiscal year 2021 purchases found that for all 10 purchases, the District's purchasing procedures had been followed.

4. The District should 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.

**Implemented at 42 months**—The District developed new cash-handling procedures in June 2022 that separated duties over cash handling among more than 1 employee. Our review of the District's February 2023 cash collections found that the District implemented and had followed these procedures by retaining documentation such as numerically controlled receipts for each transaction, inventory counts, cash collection forms, bank deposit slips, and deposit permits. The District also continued to restrictively endorse checks upon receipt.

5. The District should ensure proper separation of responsibilities over credit card purchases and pay for credit card purchases only after verifying them against issued receipts.

**Implemented at 42 months**—The District developed new procedures over credit card purchases in June 2022 that separate duties over credit card purchases among more than 1 employee and require a documented supervisory review of credit card documentation. We reviewed all the District’s credit card purchases made from January through April 2023 with 2 of the District’s credit cards and found that the District had followed its new procedures.<sup>1</sup> Specifically, the District separated duties over credit card purchases, such as maintaining custody of the credit cards, recording purchases, and reviewing purchases, among more than 1 employee and paid for all 25 purchases only after verifying them against issued receipts and credit card statements.

6. The District should 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.

**Implemented at 18 months**

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

7. The District should 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.

**Implemented at 18 months**

8. The District should 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.

**Implemented at 18 months**

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<sup>1</sup> The District made 25 credit card purchases on the 2 credit cards we reviewed during this timeframe.