

The June 2019 Parker Unified School District performance audit found that the District had high plant operations spending, should implement more efficient transportation program practices and accurately report transportation information for State funding purposes, and did not always have adequate accounting, computer, and building access controls. We made 20 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 20 recommendations

Implemented	13
Partially implemented	2
In process	3
Not implemented	2

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

Finding 1: District had high plant operations spending and may save \$1 million annually by implementing changes

- The District should evaluate excess building space at its schools and determine and implement ways to reduce it.

Implementation in process—According to District officials, the District has taken steps to try to reduce the costs of excess building space by closing off unused space at its schools and limiting the use of heating and cooling systems in these areas. We reviewed the District's net square footage from the time of the audit compared to its current net square footage and determined that the District reported closing 13,684 square feet of space, or 20 percent of the net square footage at Le Pera Elementary School, 5,344 square feet of space at Parker High School, and 1,100 square feet of space at both Wallace Elementary School and Wallace Junior High School, for a total of 21,228 square feet, or 7 percent, of the District's total net square footage. Additionally, the District reported it installed LED lighting in all schools and has upgraded or is in the process of upgrading the air conditioning and air handling systems to more efficient units at 5 of 6 District schools. However, District officials reported that these actions have not resulted in cost savings for the District, partially due to factors outside of its control such as increasing energy rates. Additionally, some of the spaces the District reported it closed are rooms within larger buildings where the District may be less likely to see substantial cost savings due to the need to still heat and cool the surrounding spaces. District officials stated they do not plan to close any of the District's schools but will continue to evaluate excess building space based on student and teacher counts each summer to determine whether to close additional space.
- The District should review its custodial staffing levels and determine and implement ways to reduce plant operations costs.

Implemented at 36 months—Since fiscal year 2017, the District has reduced its custodial staff by 6 full-time positions and is expecting to save an estimated \$133,000 in fiscal year 2022. According to District officials, the District's savings were partially offset by increases to the State's minimum wage, which has risen from \$10 to \$12.80 per hour during this same period.

3. The District should monitor and track its spending on general plant operations supplies to determine what causes its high spending and implement ways to reduce its spending.

Implemented at 36 months—To help monitor and track spending on general plant supplies, the District has implemented additional recordkeeping procedures over plant supplies kept in its main warehouse, parts used on its white fleet vehicles at its transportation shop, and plant supplies kept in storage rooms and closets at its maintenance shop, which help the District better identify what supplies are needed. These procedures include maintaining detailed spreadsheets that monitor inventory quantities and costs as well as using software specifically designed to track transportation inventory that automatically reduces supply levels when work orders are processed. Additionally, the District's fiscal year 2021 general plant supplies costs were approximately \$76,000 lower than the audit year and based on year-to-date fiscal year 2022 data as of January 2022, the District's general plant supply costs are expected to stay at this lower amount.

4. The District should improve its process for conducting its annual physical inventory count by comparing actual inventory to expected inventory and separating recordkeeping and custodial responsibilities over supplies inventories among at least 2 of its current employees to better safeguard its supplies and potentially lower costs.

Partially implemented at 54 months—The District has improved its process for conducting its annual physical inventory count by comparing actual inventory counts to inventory records at the end of the fiscal year, investigating and resolving any differences identified, and requiring an employee to check inventory counts on 5 randomly selected items at least once per month. Additionally, District officials reported that recordkeeping and custodial responsibilities over supplies inventories have been separated among at least 2 employees. The District completed its annual physical inventory count for fiscal year 2023 and provided documentation to support that it had investigated and resolved the discrepancies identified during the review. However, the District employee conducting the District's fiscal year 2023 annual inventory was provided the expected inventory count for each item before conducting the actual inventory count. By providing the expected inventory count to the employee before the inventory count occurred, the District increased the risk of errors and bias because the employee knew what the final count should be and may have relied on that number instead of their own observations. District officials indicated that it will not provide the expected inventory count for each item to the District employee when they conduct the actual inventory counts for fiscal year 2024.

Finding 2: District should implement more efficient transportation program practices and controls to lower spending and should accurately report transportation information for State funding purposes

5. The District should monitor and track its general transportation supplies spending and determine and implement ways to reduce it.

Implementation in process—Although the District implemented a process in August 2023 to monitor and track its general transportation supplies spending throughout the year, District officials reported the District has not used this information to determine and implement ways to reduce spending. However, District officials believe there are factors affecting the District's transportation supplies costs that are out of the District's control, such as increased maintenance and supplies costs related to an aging bus fleet. Monitoring and tracking its general transportation supplies spending and determining and implementing ways to reduce it is important as the District may be using monies for transportation spending that could instead be spent on instruction, teacher salary increases, or other District priorities. District officials reported they plan to continue analyzing transportation supplies expenditures to reduce spending by identifying costly supplies and vendors and implementing more cost-effective alternatives.

6. The District should ensure that school bus preventative maintenance is conducted in a systematic and timely manner in accordance with its policy and the State's Minimum Standards.

Implemented at 18 months—The District has implemented a new process and has assigned a transportation employee to create work orders for school buses after they have traveled approximately 8,000 miles since their last maintenance service. Those work orders are then provided to mechanics to help ensure preventative maintenance

is performed by the District's 12,000-mile school bus preventative maintenance schedule. We reviewed preventative maintenance records for a sample of 5 of the District's 26 school buses and found that all 5 school buses received preventative maintenance services within the District's 12,000-mile policy.

7. The District should analyze whether it is more cost effective to hire additional transportation employees to perform driving duties or reassign duties among current part-time employees rather than assigning driving duties to a small group of full-time employees who are performing a large portion of their duties at the overtime pay rate of time and-a-half, and take appropriate action, accordingly.

Implementation in process—District officials indicated that they believe it would be more cost effective to hire additional transportation employees to perform driving duties, but also reported that the District had been unable to hire additional drivers for its transportation program despite several efforts to do so. For example, the District increased starting salaries for school bus drivers from \$16.25 per hour in fiscal year 2022 to \$21 per hour for fiscal year 2024, continued to offer paid training and licensing, and advertised in the local newspaper to attract new drivers. However, the number of District drivers has continued to decline, and District analysis of driver overtime indicated that the total number of overtime hours and pay has increased each year between fiscal years 2020 and 2023. District officials reported they will continue their efforts to hire additional transportation employees to perform driving duties.

8. The District should review its transportation fuel spending and determine and implement ways to reduce it, including taking advantage of all fuel tax exemptions available to it.

Implemented at 18 months—The District has worked with its fuel vendor to ensure it takes advantage of all fuel tax exemptions. We reviewed 3 months of fiscal year 2021 fuel invoices and determined that the District received eligible fuel tax exemptions. During the 3-month period we reviewed, the District saved more than \$1,150 in fuel tax charges as a result of the exemptions during that time period.

9. The District should adequately document and monitor the assignment of all fuel pump keys.

Implemented at 18 months—The District now uses its fuel pump key inventory system to monitor all electronic keys that are activated to access fuel pumps. Further, the District monitors and ensures that all activated fuel pump keys are individually assigned to a current employee. We reviewed the activated fuel keys listed on the February 2021 system-generated inventory list and observed that all activated keys were individually assigned to a current employee.

10. The District should no longer provide fuel keys to employees when the keys have not been specifically assigned to the employees, deactivate terminated employees' keys until they are reassigned, and ensure that all unassigned fuel pump keys are secured and accessible only to a supervisor.

Implemented at 18 months—See explanation for Recommendation 9. Additionally, we reviewed the District's unassigned fuel pump keys and determined that these keys are kept in a secured cabinet accessible only to a supervisor.

11. The District should ensure that all employees who fuel District buses and vehicles know, acknowledge, and follow appropriate fueling procedures, including signing a user agreement that directs them on proper use, procedures, and consequences for misusing their fuel keys. For each vehicle being fueled, proper procedures include employees entering accurate odometer readings into the digital key system that regulates access to the fuel pumps.

Not implemented—As reported in the previous 42-month followup, the District updated its user agreement so that it directs employees on proper fuel key use and procedures, and consequences for misusing their fuel keys. We reviewed the District's November 2023, January 2024, and February 2024 fueling reports and user agreements and determined that all 27 District employees who appeared on the fueling reports had signed the updated user agreement. However, we identified that 1 of the 27 employees began fueling District vehicles prior to the date listed on their signed user agreement. Further, we identified 15 instances where the District's fueling procedures may not have been followed because the dates, times, or odometer readings reported when fueling resulted in unusual dates or times of fueling, time elapsed between fueling, amounts of fuel used, or miles driven between fueling.

For example, we identified instances of a bus being fueled on a Friday night near midnight, a bus being refueled after 4 minutes, a bus using 47 gallons of fuel after traveling 48 miles, and a bus's reported odometer reading decreasing by 261 miles between fueling. In August 2023, District officials began reviewing fueling reports monthly and documenting their reviews. However, they had not identified the 15 fueling irregularities we identified and were unable to provide additional information about whether the irregularities were justified and appropriate. District officials stated that beginning in May 2024, they would review fueling reports in greater detail and incorporate an additional reviewer to identify irregularities to help ensure proper fueling procedures are followed.

12. The District should review fueling reports for appropriateness and reasonableness and investigate any irregularities identified to help ensure appropriate fuel use and take appropriate action, accordingly.

Not implemented—As discussed in Recommendation 11, our review of the District's November 2023, January 2024, and February 2024 fueling reports identified 15 instances where the District's fueling procedures may not have been followed because some fueling transactions resulted in unusual dates or times of fueling, time elapsed between fueling, amounts of fuel used, or miles driven between fueling. District officials had not identified nor investigated the irregularities we identified and were unable to provide additional information about whether the irregularities were justified and appropriate. District officials stated that beginning in May 2024, they would review fueling reports in greater detail and incorporate an additional reviewer to identify irregularities to help ensure proper fueling procedures are followed.

13. The District should determine whether it would be beneficial to install security cameras at its fuel pumps to help it monitor fueling activity and protect its assets.

Implemented at 18 months—The District has installed security cameras at all its fuel pumps District-wide to help investigate any irregularities identified when reviewing fueling reports and for general security and safety purposes.

14. The District should accurately calculate and report to the Arizona Department of Education (ADE) for State funding purposes the number of route miles traveled and actual number of eligible students transported.

Implemented at 36 months

15. The District should work with ADE regarding needed corrections to its transportation funding reports until all funding errors that the misreported mileage and riders caused are fully corrected.

Implemented at 6 months

Finding 3: District did not always have adequate accounting, computer, and building access controls

16. The District should improve its procedures for handling cash collected from extracurricular activities tax credit donations and student club deposits, including separating responsibilities among current employees for collecting cash, depositing it, and reconciling cash collections to deposits.

Partially implemented at 42 months—As we reported in the 42-month followup, the District improved its procedures for handling cash collected from student club deposits. Additionally, since the 42-month followup, the District improved its procedures for collecting extracurricular activities tax credit donations, including ensuring adequate separation of duties, recordkeeping, and reconciliation. However, we reviewed all 12 extracurricular activities tax credit donations the District received in December 2023 and January 2024 and determined that the District did not always follow its updated procedures. Specifically, the District's procedures require the acceptance of the donation and the creation of the deposit form to be separated between different employees. However, for 1 extracurricular activities tax credit donation that we reviewed, the same employee accepted the donation and created the deposit form. District officials reported this instance was likely due to the employees involved in accepting donations being absent and stated they would implement contingency procedures to ensure proper separation of duties are maintained if employees involved in the process are absent to prevent similar errors from occurring.

17. The District should ensure that all credit card purchases and supporting receipts are reviewed and approved for appropriateness.

Implemented at 36 months

18. The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job duties, including removing the business office employees' administrator-level access and transferring it to someone outside the business office.

Implemented at 54 months—As reported in the previous 42-month followup, we reviewed all users in the District's accounting system in March 2023 and found that the District had appropriate administrator-level access assigned within the accounting system. We again reviewed all active users in February 2024 and found the District continued to have appropriate administrator-level access and that all 50 active users had access only to the accounting system functions needed to perform their job duties.

19. The District should implement procedures to ensure that terminated employees have their computer network and accounting system access promptly removed.

Implemented at 42 months—The District implemented procedures to ensure that terminated employees' computer network and accounting system access is promptly removed. We compared the District's March 2023 active user accounts in the computer network and accounting system to a list of employees who terminated employment with the District between January 2019 and February 2023 and found no computer network or accounting system user accounts linked to terminated employees.

20. The District should reestablish controls over access to its gates and buildings by exploring available options to rekey its doors and gates with keys that indicate that they are not to be duplicated and ensure that its process for distributing and tracking keys is followed so that it maintains an up-to-date record of all employees who have keys, which keys they have, and the buildings and areas for which those keys provide access. Additionally, the District should have a process to ensure that its records clearly identify whether terminated employees have returned all keys assigned to them.

Implemented at 42 months—According to District officials, the District rekeyed all its facilities in fiscal year 2019 and created procedures to control its keys. The procedures include requiring all employees to sign key agreements that state which keys employees have been assigned, what physical access the keys provide, proper use of keys, and consequences for lost or misused keys. The District also purchased and implemented key-management software. We compared 10 of the 278 key holders with signed key agreements from fiscal year 2023 to the District's key-management software report and found the key-management software report matched the signed key agreements. Additionally, we reviewed the District's key records for all 4 employees who terminated employment with the District in January and February 2023 and found the report showed all of their assigned keys had been returned to the District upon termination.