



SANDERS UNIFIED SCHOOL DISTRICT #18

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Kim J. Pearce, Superintendent

Barbara Baca, Business Manager

December 21, 2023

Lisa S. Parke, CPA
Audit & Assurance Partner
Walker & Armstrong
1850 N. Central Ave., Suite 400
Phoenix, AZ 85004

Dear Ms. Parke,

The Sanders Unified School District #18 has received and reviewed the Fiscal Year 2022 Preliminary Performance Audit Report. The District would like to share our appreciation for the audit team and the professionalism and assistance provided to our staff while conducting the audit. After review, the District agrees with the findings and recommendations.

The District has or is in the process of implementing the recommendations. Our staff will work diligently to improve the processes and procedures as provided in the findings. Knowing your audit team is available to provide guidance while we finalize our Corrective Action Plans is a comfort.

We look forward to working with and learning from the Walker & Armstrong audit team in the follow-up period.

Respectfully,

A handwritten signature in black ink that reads 'Kim J. Pearce'.

Kim J. Pearce
Superintendent

Arnold Goodluck
Board President

Daisy Slim
Board Clerk

Jackie Yazzie Jr.
Board Member

Marlene Apachee
Board Member

Lomardo Aseret
Board Member

Finding 1: District operated its schools far below capacity levels, using at least an estimated \$697,000 that may have been more effectively used for other priorities, such as improving student achievement

Recommendation 1: Evaluate how it utilizes its space at its schools and determine and implement ways to reduce it, including evaluating whether to consolidate school operations in order to increase operating capacity to a more efficient level and focus more resources to other District priorities like improving student achievement.

District Response: The finding is agreed to, and a different method of dealing with the finding will be implemented.

Response explanation: The Administration and Governing Board have been evaluating the operating capacity to bring it to an efficient level. We are working with the Facilities Oversight Board to assist us since there is not enough space at either school to consolidate. Enrollment is increasing after suffering a large decrease, which should fill some of the space. An update of present square footage usage is being conducted to ensure the current report at FOB is accurate.

Finding 2: District did not adequately monitor its contracted food service management company, leading to wasteful production of food and spending

Recommendation 2: Consider rebidding its food service contract to obtain a contract based on cost per meal rather than cost reimbursement, that would require the vendor to stay within the agreed-upon cost per meal.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will change its invitation to bid to a “cost per meal” reimbursement.

Recommendation 3: Develop a process to take counts of students intending to purchase lunch in the cafeteria each day and report these counts to its food service contractor, so that it knows how many meals to prepare or implement some other process that minimizes the number of wasted meals.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Teachers are required to submit daily lunch counts to the front office by 9 am. The daily counts are immediately sent to the Cafeteria Manager.

Recommendation 4: Monitor its food service contractor, including monitoring meal production throughout the fiscal year, to ensure it produces only the meals needed for students.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: By Spring, the District will have a point-of-service system at each school. The daily reports will be reconciled against the contractor's invoice.

Recommendation 5: Require its food service contractor to provide detailed invoices with explanations of charges that would allow the District to ensure the charges are reasonable and in accordance with the terms of the contract, prior to paying the invoices.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: As part of the district's stricter oversight, it has directed the contractor to provide detailed monthly invoices. An unreasonable charge or one that is outside of the contract is addressed.

Finding 3: District did not systematically perform school bus preventative maintenance, putting student safety at risk

Recommendation 6: Perform and document required school bus preventative maintenance in accordance with Minimum Standards requirements.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The Safety Inspection Checklist for buses is being updated to include identifying potential hazards and risks, establishing inspection criteria, the checklist will be integrated with the existing Preventative Maintenance Service Checklist, and requiring extensive inspection training for all drivers.

Recommendation 7: Update its written school bus maintenance schedule to include a time frame requirement for when preventative maintenance should occur to ensure buses that drive fewer miles still receive timely maintenance.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The period to schedule, a Preventative Maintenance will be within 10% of the prescribed interval

Recommendation 8: Develop and implement procedures to ensure school bus maintenance and mileage is tracked and monitored so that maintenance is performed according to the District's preventative maintenance schedule.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The Transportation Supervisor is developing an enhanced preventive maintenance schedule that includes the VIN, dates of last and next services, any issues identified, and the corrective action taken.

Finding 4: District's inadequate accounting controls increased its risk of errors and fraud and led to unauthorized purchases

Recommendation 9: Develop and implement processes for overseeing and enforcing the District's fuel and credit card use policy, such as updating the policy to require that credit card users repay the District for unsupported charges on its cards, and limiting or revoking card privileges when credit card users do not comply with the District's policy.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The District is revising its Policy DGD-R to require that credit card users repay the District for unsupported charges on its cards and revoking card privileges when users do not comply.

Recommendation 10: Ensure that purchases and payments are independently reviewed and approved by authorized District officials prior to being made.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Effective 1/12/24 prior to approval all requested credit card purchases shall require approval of two administrators.

Recommendation 11: Discontinue paying travel reimbursements in advance of travel occurring.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Governing Board approval to discontinue paying travel reimbursement in advance effective 10/3/23.

Recommendation 12: Discontinue paying travel reimbursements in advance of occurring.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Implemented 10/3/23

Recommendation 13: Follow its travel policies and procedures require staff to submit a travel expense claim form with itemized daily expenses and supporting documents after travel is completed for reimbursement.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Employees are required to bring proof of attendance and the motel receipt effective 10/3/23.

Recommendation 14: Develop and implement policies and procedures for reviewing completed conflict-of-interest forms in a timely manner to identify and communicate conflicts

of interest to ensure safeguards are taken and District policies and State law are appropriately followed.

District Response: The finding is agreed to, and the audit recommendation will be implemented

Response explanation: HR Specialist reviews the Conflict of Interest form and has employees sign and submit it at the Orientation in July. The form is now part of the Onboarding packet for new hires. Implemented on 7/26/23.

Finding 5: District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to network and sensitive information, errors, fraud, and data loss

Recommendation 15: Implement and enforce strong network password requirements to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: IT is implementing and enforcing strong network password requirements and MFA for all users.

Recommendation 16: Protect its sensitive computerized data by limiting users' access to its network, accounting system, and student information system to only those functions needed to perform their job duties, including removing the business office employees' administrator-level access.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: IT is reviewing each user's access and disabling certain access. HR submits a Work Order form to IT authorizing them to terminate or to add a new hire.

Recommendation 17: Establish and implement written policies and procedures to assign and periodically review network, accounting system, and student information system access for employee accounts to ensure they have access to only those functions needed to perform their job duties.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: IT is implementing a new process in which employee access to Domain, Visions, and Synergy accounts are reviewed quarterly to ensure appropriate user access.

Recommendation 18: Immediately disable all network accounting system and student information system accounts associated with terminated employees.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: IT is working with Principals and HR for a process that immediately alerts IT to terminate user access to SIS.

Recommendation 19: Establish and implement written policies and procedures to ensure terminated employees have their access promptly removed.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Effective 10/1/2023, HR or Principals submit a Work Order form to IT authorizing them to promptly terminate outgoing employees and students.

Recommendation 20: Develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: IT is working The TRUST to develop, author, and practice bi-annual DR simulated disaster.

Recommendation 21: Develop and implement written policies and procedures to limit physical access to its IT server room so that only appropriate personnel have access, including procedures for distributing, tracking, and collecting keys to areas that have sensitive IT equipment and requiring employees to sign agreements outlining their responsibilities for maintaining access to IT areas.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: IT is working The TRUST to develop, author, and practice bi-annual DR simulated disaster.

Recommendation 22: Conduct a physical key inventory to determine and document the number of keys that exist and who has access to IT areas.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The Maintenance Supervisor controls access to server keys.

Recommendation 23: Maintain security of IT areas by keeping doors locked at all times to protect equipment and data from damage or destruction.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Training for custodial and maintenance staff is being conducted, which prohibits them access to server rooms.

Recommendation 24: Perform regular inspections of IT areas for maintenance needs to protect property and data.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: A new procedure is in place, which requires IT staff to check the server room door at whichever site they are visiting.