

Topock Elementary School
5083 Tule Drive/P.O. Box 370
Topock, Arizona 86436
Phone: (928)768-3344/Fax: (928)768-9253

February 28, 2020

Ms. Lindsey Perry
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry,

Topock Elementary School District has received and reviewed the Performance Audit report conducted for Fiscal Year 2018. The report provided welcome recommendations to enhance and improve district procedures.

The information shared has provided Topock Elementary #12 an opportunity to make improvements toward efficiency, accountability, and fiscal responsibility. The District will comply with all recommendations wherever feasible within the limitation of resources, as noted in the District's response. The Topock Elementary School District's mission is to provide a world class education regardless of socioeconomic challenges. With a long and rich history in northwest Arizona, the Topock Elementary School District opened in 1922 and continues to strive to provide exceptional instruction and to efficiently utilize all funds for the benefit of our students. The District will maintain a tight focus on aligning and maximizing District resources in pursuit of our mission. We look forward to continuing to improve our stewardship of the public's resources for the good of our community and students.

Topock Elementary School District would like to thank your audit team for the insight, professionalism, and courtesy throughout the audit process, along with the opportunity to engage in meaningful collaboration. The staff members from the Auditor General's Office, Ann Orrico and Jennie Snedecor are to be commended for their professionalism, support, guidance, and assistance throughout the audit process.

Please do not hesitate to contact us with any questions or comments regarding our response.

Respectfully Submitted,

John Warren
Superintendent
Topock Elementary School District
Past President Arizona Rural Schools Association



Success in Education

Finding 1: District's inadequate payroll, computer, and other internal controls increased risk of errors and fraud, led to unsupported payments, and contributed to the District not complying with the USFR

District Response: The District agrees with the finding.

The District has implemented the recommendations to increase and strengthen internal control measures. As a small school district the recommended separation of duties is not always possible. Additionally, oversight is provided by the Mohave County School Superintendent's Office. We will review our policies and procedures to ensure compensating controls are in place to provide the greatest protection possible to prevent the risk of errors and fraud.

Recommendation 1: The District should ensure that it maintains current contracts or work agreements for all its employees that stipulate the terms of their employment with the District.

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

The district has audited and implemented all current contracts and work agreements required by the USFR in a more timely manner and personnel files will be reviewed biannually.

Recommendation 2: The District should ensure that employees' additional duties and related payments or stipends are addressed in annual contracts or personnel/payroll action forms, approved in advance of the work being performed as required by the USFR, and maintained in employee personnel files.

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

The District has reviewed and revised their procedures. The District has developed a policy and procedure where two employees review each employee's file for accuracy to prevent over/underpayments and ensure additional duty stipends are addressed in contracts and work agreements, along with approval in advance of the work being performed to comply with USFR guidelines. Additionally, the Business Manager has completed an AASBO training on HR strengthening and internal controls.

Recommendation 3: The District should ensure its Governing Board meeting minutes and other associated documentation include enough detail to show the Governing Board's approval of employees' work and salary, stipend, and extra duty pay amounts.

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

Personnel charged with executing Governing Board minutes will receive training through ASBA to improve compliance per the recommendation. Additionally, the Governing Board Secretary will record all audio dialogue during Board meetings to improve efficiency and accuracy of meeting minutes.

Recommendation 4: The District should ensure that it documents the established performance goals the Superintendent must meet in order to receive performance pay and ensure that it retains adequate documentation to demonstrate that the Superintendent met the goals for any performance payments made.

District Response: The District agrees with the recommendation but will implement a modification to the recommendation.

Topock ESD #12 Governing Board did establish performance goals regarding Education, Management, Governing Board, and Personnel, that the Superintendent must meet in order to receive performance pay. However, the Governing Board acknowledges that adequate documentation of the goals, and progress toward meeting same was not kept. The Governing Board shall adopt a written resolution with performance goals or state the goals in the Superintendent's Contract, and retain adequate documentation of goals met or denied.

Recommendation 5: The District should consult with its legal counsel to determine whether it is appropriate for the Superintendent to be reimbursed for mileage when using his personal vehicle for District business. If the District and its legal counsel determine that mileage reimbursement is appropriate, the Superintendent should follow the State's travel policy by submitting a travel claim with the miles traveled for District purposes and be reimbursed at the State's flat per mile rate. Further, the District's policies and the Superintendent's contract should reflect the decision made by the District and its legal counsel.

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

The District will consult with legal counsel to determine whether it is appropriate for the Superintendent to be reimbursed for mileage when using his personal vehicle for District business. If the District and its legal counsel determine that mileage reimbursement is appropriate, the Superintendent will follow the guidance set forth in Ariz. Rev. Stat. Section 15-342(5), Ariz. Rev. Stat. Sections 38-621-627, and any applicable portions of the State of Arizona Accounting Manual Topic 50, Section 15. The District's policies and the Superintendent's contract shall reflect the decision made by the Governing Board and Counsel's recommendation.

Recommendation 6: The District should require the Superintendent to reimburse the District for the fiscal year 2018 purchases he made for his personal vehicle using the District's fuel card. Further, the District should consult with its legal counsel to determine whether the Superintendent should also reimburse the District for similar fuel card purchases made in fiscal years 2019 and 2020.

District Response: The District does not agree with the recommendation but will implement a modification to the recommendation.

The District will discuss whether or not the Superintendent should reimburse the District for FY 18, 19, and 20 with the District's legal counsel.

Recommendation 7: The District should limit the accounting system user's access so that the user cannot initiate and complete payroll and purchasing transactions and consider providing accounting system access to a second user to separate responsibilities and provide for independent reviews and approvals.

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

The District may utilize the Mohave County School Superintendent's Office through an MOU for additional oversight and separation of duties. Currently, the MCSSO has administrative access

and oversight of all modules in Visions Software. If necessary, a second user on district staff will be granted accounting system access to provide independent reviews and approvals for payroll and purchasing transactions.

Recommendation 8: The District should implement and enforce stronger network password requirements to decrease the risk of unauthorized persons gaining access to sensitive District information by requiring users to create their own passwords that are known only to themselves.

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

The District has implemented policy and a procedure requiring all personnel to change their passwords periodically.

Finding 2: Lack of transportation program oversight led to potential student safety risk and reporting errors

District Response: The District agrees with the finding.

The District has already implemented new procedures for the oversight of the transportation program. The District is collaborating under a MOU with a larger neighboring district for additional assistance regarding transportation services.

Recommendation 9: The District should ensure its bus drivers perform pretrip inspections and maintain documentation of these inspections in accordance with the State's Minimum Standards.

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

The district has already implemented new procedures to ensure bus drivers document their pre-trip inspections and inspection forms are maintained by the district.

Recommendation 10: The District should ensure that bus repairs are conducted in a timely manner and documented in accordance with the State's Minimum Standards.

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

The District has a Transportation MOU in place with a larger neighboring district to provide preventative maintenance and repairs. Documentation and maintenance records are now kept in each vehicle with the mileage logs. In addition, a copy is maintained in the District file room. The District will ensure the State's Minimum Standards are met for all busses.

Recommendation 11: The District should develop and implement procedures to ensure that bus driver certification requirements are met and documented in accordance with the State's Minimum Standards, including conducting and documenting random drug and alcohol testing of bus drivers to help ensure school bus passengers' safety and welfare.

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

The District has implemented a new procedure to randomly drug and alcohol test bus drivers in accordance with the Arizona Minimum Standards requirements.

Recommendation 12: The District should accurately calculate and report to ADE for State funding purposes the number of students transported.

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

The District has already implemented new policies and procedures to maintain compliance with ADE Transportation reporting procedures.

Recommendation 13: The District should work with ADE to determine whether it needs to submit a correction for its fiscal year 2018 ridership.

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

The District will collaborate with ADE to determine whether it needs to submit a correction for fiscal 2018 ridership.