

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32

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Dr. Raymond V. Aguilera, Superintendent

“STUDENT CENTERED LEARNING IN
AN ENGLISH LEARNING COMMUNITY”

Governing Board
Luis Marquez, President
Tadeo De La Hoya, Clerk
Guillermina Fuentes
Gloria Torres
Rosa Varela

April 20, 2020

State of Arizona
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Attn: Lindsey Perry, Auditor General

Dear Ms. Lindsey Perry,

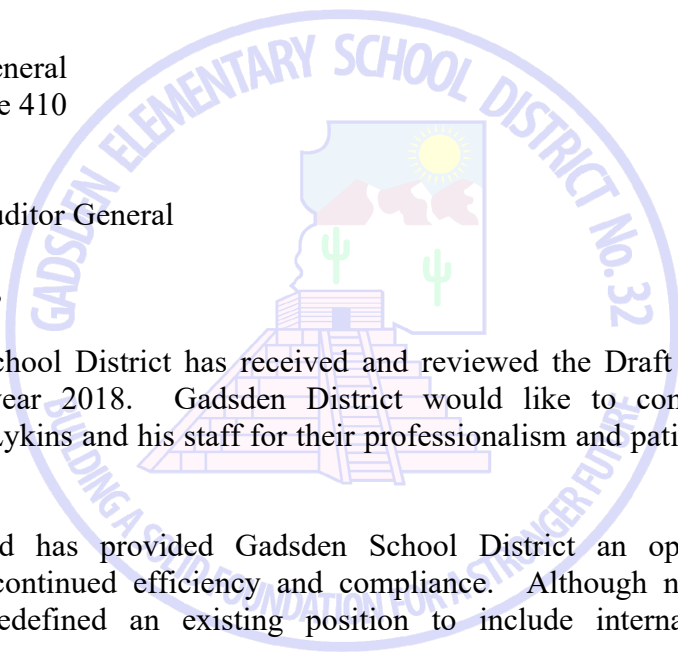
Gadsden Elementary School District has received and reviewed the Draft Performance Audit conducted for fiscal year 2018. Gadsden District would like to commend and extend appreciation to Joshua Lykins and his staff for their professionalism and patience throughout the process.

The information shared has provided Gadsden School District an opportunity to make improvements toward continued efficiency and compliance. Although not reflected in this document, we have redefined an existing position to include internal auditing for all organizational areas.

Please find attached the District’s response to each finding and recommendation.

Sincerely,

Raymond Aguilera, Ed.D
Superintendent of Schools
Gadsden Elementary School District #32



*“From Wild West to Nation’s Best.”
Johns Hopkins University*

Finding 1: District's poor administration of employee pay resulted in hourly employees being paid for holidays and other time not worked without documentation to support Governing Board approval and inappropriate payments to some employees

District Response: The District agrees with the finding.

Gadsden Elementary School District #32 agrees on the findings concerning documentation to Governing Board regarding holiday pay to hourly employees. The District will be reviewing additional guidelines to assist in ensuring that timesheets submitted accurately indicate hours worked.

Recommendation 1: The District should ensure that its Board is aware of and approves the number of paid holidays provided to hourly employees and ensure that hourly employee contracts or other District documents contain all agreed-upon terms of employment, including the number of days, holidays, and hours per day for which an employee will be compensated.

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

Gadsden Elementary School District #32, will ensure, working with district legal counsel, that the Governing Board is presented for approval the number of paid holidays provided to hourly employees and ensure that hourly employee contracts, or other District documents contain all agreed-upon terms of employment, including number of days, holidays, and hours per day for which an employee will be compensated.

Recommendation 2: The District should ensure that the Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an agreed-upon compensation package.

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

The District will ensure that the Governing Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an an agreed-upon compensation package. Employee schedules will be reviewed and modified as needed to reflect accurate time on timesheet.

Recommendation 3: The District should develop and implement formal, written payroll policies and procedures to increase oversight at its schools and departments to ensure that all District payroll policies and procedures are applied consistently to reduce the risk of inappropriate payments.

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

The District is currently in the process of implementing an employee time clock system (TimeClock Plus) for implementation in fiscal year 20/21. This system will only allow employees to clock in/out using employee fingerprint, to reduce any risk of inappropriate payments. Also, the time clock system will be setup to require pre-approval of overtime work by supervisor.

Recommendation 4: The District should separate responsibilities for entering and updating employee payrates and deductions in the accounting system from the responsibilities for processing payroll to reduce the risk of inappropriate adjustments to employee pay and benefits.

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

Procedures in the payroll department have been implemented to assure that each payroll employee cannot update/access their own file, including deductions. Currently, only the HR department can update or modify employees pay rate (except their own) on primary assignments. The District will further review payroll procedures to assure that separations of duties are appropriately applied. The District will implement a new software "Visions" which will improve our entire central office operations.

Finding 2: District limited public access to Governing Board meeting by holding it out of State and wasted more than \$65,000 of public monies on unnecessary travel expenses

District Response: The District agrees with the finding.

The annual district audit from external financial auditors, did not identify this area as a concern. The annual board retreats have always been posted as required by the open meeting law. All future District board retreats and board meetings will be held in Gadsden community with proper posting.

Recommendation 5: The District should consult with legal counsel to ensure its meeting policies and procedures, including the locations selected for conducting meetings, comply with open meeting law.

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

District has conferred with legal counsel in this matter. All board meetings will follow policies and procedures to comply with the open meeting law. District work study sessions have always posted as informational only sessions, and no action taken.

Recommendation 6: The District should consult with legal counsel to determine and implement any necessary procedures to address potentially invalid District actions taken at meetings that were not easily accessible to the public.

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

The District has conferred with legal counsel in this matter. District will ensure that all agendas posted for work study session indicate, information item only. No action items have ever been posted to work study sessions. With the exception of the identified study sessions, all board meetings have been local and conducted as posted in the Gadsden School District community. All future District work study sessions, will be conducted locally and posted, to ensure adequate accessibility to the public

Recommendation 7: The District should discontinue holding Board meetings outside the District's boundaries, which is contrary to open meeting law and is an unnecessary expense to the District.

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

The District will schedule all future governing board meetings and board work study sessions in the Gadsden community to rectify the expenditure issues cited, within the open meeting law.

Recommendation 8: The District should follow USFR requirements and implement procedures to ensure that all travel expenditures and reimbursements are planned for the convenience of the District using the most reasonable and economic means and do not exceed ADOA-established maximum rates.

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

The District will follow USFR requirements and have implemented procedures in place. The District constantly strives to implement best practices regarding travel expenditures and reimbursements.

Finding 3: Inadequate oversight of District transportation program led to potential student safety risk, reporting errors, and increased risk of fuel and supplies misuse

District Response:
The District agrees with the finding.

The District agrees that the Transportation department needs to improve its transportation program oversight. Specifically addressing the three areas stated in the General Auditor report, in addition, will follow the State's Minimum Standards for School Buses and School Bus Drivers.

Recommendation 9: The District should develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented in accordance with the State's Minimum Standards.

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

The District will ensure that bus drivers meet certification requirements as noted in the report reference to chart on page 10. Presently, we have established adequate procedures and will maintain a spreadsheet to log and track all bus drivers required documents. This practice will prevent inconsistencies in tracking required documentation.

Recommendation 10: The District should establish and implement a policy that states what school bus preventative maintenance work will be completed at what mileage and time frame and perform and document the bus preventative maintenance in a systematic and timely manner in accordance with the policy and the State's Minimum Standards.

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

Gadsden District takes very seriously the tracking and practices of bus preventative maintenance. The Transportation Director has established procedures for the maintenance of all vehicles and buses in the District. The new procedures will ensure that all buses meet the required State's Minimum Standards.

Recommendation 11: The District should accurately calculate and report to ADE for State funding purposes the number of route and other miles traveled and actual number of eligible students transported.

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

The District has corrected the calculation worksheet to accurately report the number of route miles and any other miles traveled. The District has also corrected the calculation of the eligible students transported. This worksheet was modified in FY 2019 revised budget.

Recommendation 12: 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.

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

The District has corrected and submitted transportation funding reports to ADE properly since FY 2019 budget revision.

Recommendation 13: The District should evaluate and implement additional controls over its fuel and supplies inventory to help ensure proper accounting of all fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified.

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

The District will ensure that adequate procedures are established to address preventative measures. The District, has implemented additional controls over fuel and supplies inventory, to help ensure proper accounting of all district fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified. The District has made every effort to sufficiently oversee the transportation program, but will look to the Auditor General and ADE (Minimum Standards) to consider how to best support and implement innovative practices such as monitoring and tracking mileage, service and inspections, fuel usage, repair orders and parts inventory.