

The January 2019 Bonita Elementary School District performance audit found that the District should strengthen its accounting and computer controls, closely monitor its food service program to eliminate or minimize the program's subsidy, correctly report its number of riders for student transportation funding, and continue to closely monitor and control its spending because of enrollment decline and limited ability to increase revenues. The District's status in implementing the recommendations is as follows:

Status of 7 recommendations

| | |
|-------------------------|----------|
| Implemented: | 5 |
| Partially implemented: | 1 |
| Not implemented: | 1 |

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 January 2019 report.

Finding 1: District needs to strengthen some accounting and computer controls

1. The District should ensure that it requires an independent review and approval for all its purchases prior to the purchases being made.

Implemented at 30 months

2. The District should classify all expenditures in accordance with the Uniform Chart of Accounts for school districts.
Implemented at 12 months—We reviewed the District's fiscal year 2019 expenditures and determined that the District had substantially corrected the classification errors it made during the audit year.

3. The District should limit users' access in the accounting system to help ensure that no single employee can initiate and complete a transaction without an independent review, including transferring administrator-level access to someone outside of the business office.

Not implemented—The District's March 2021 accounting system user access report showed that 1 of the District's 3 accounting system users could initiate and complete a transaction without an independent review. Further, 1 other user account belonged to a business office employee who had administrator-level access to the accounting system, which was not appropriate for the employee's position, as indicated in the January 2019 performance audit report. The District should implement this recommendation because granting business office employees such broad access, especially administrator-level access, exposes the District to a greater risk of errors and fraud, such as processing false invoices or adding and paying nonexistent vendors or employees. District officials stated that they would continue to work with the accounting system's vendor to transfer administrator-level access to someone outside of the business office and further limit users' access.

Finding 2: District should closely monitor its food service program to eliminate or minimize subsidy

4. The District should closely monitor its food service program's revenues and costs and implement necessary changes to eliminate or minimize the amount of monies needed to subsidize the program.

Partially implemented at 30 months—Although the District continued to subsidize its food service program in fiscal year 2020 (the most recent year of complete data available for this follow-up review) with monies that could have been used for instructional purposes or other District priorities, it has implemented changes that have resulted in lower program costs and reduced the amount of monies needed to subsidize the program. The District's fiscal year 2020 food service program subsidy of \$40,000 was about \$6,500 less than the subsidy in fiscal year 2017 (the audit year), and the District's cost per meal decreased by 13 percent between fiscal years 2017 and 2020. Specifically, District officials stated that they hoped to lower costs by operating the District's own food service program instead of contracting it out to a nearby school district in fiscal year 2019, operating the program with only 1 employee, and using U.S. Department of Agriculture (USDA) food commodities. Despite these changes resulting in lower costs and a lower subsidy, District officials stated that they have not started to closely monitor the food service program's revenues and costs and plan to make further changes to the food service program. District officials stated that they plan to review the food service program's fiscal year 2021 revenues and costs at the end of the fiscal year to identify additional changes that can be made to further reduce the program's subsidy, including determining the cost of each menu item to better plan menus for fiscal year 2022. Lastly, District officials anticipate a decrease in meal participation in fiscal year 2022 and stated that they plan on contacting peer districts with higher meal participation rates to identify and implement strategies to increase meal participation.

5. The District should maximize its cost savings by planning meals around available USDA food commodities.

Implemented at 30 months

Finding 3: District incorrectly reported number of riders for student transportation funding

6. The District should accurately calculate and report to the Arizona Department of Education for State funding purposes the actual number of students transported.

Implemented at 12 months—We reviewed the District's supporting documentation and determined that it accurately calculated and reported the actual number of students it transported in fiscal year 2020.

Finding 4: District should continue to closely monitor and control its spending because of enrollment decline and limited ability to increase revenues

7. The District should continue to closely monitor and control its spending to help ensure it is able to meet its needs with the revenues it receives.

Implemented at 30 months—The District was able to cover its fiscal years 2019 and 2020 expenditures with the revenues it received. Further, the District increased its Maintenance and Operation Fund balance from having a deficit of \$23,572 in fiscal year 2017 (the audit year) to a balance of \$139,411 at the end of fiscal year 2020 (the most recent year of audited data). District officials stated that they work with a financial consultant to monitor the District's budget, revenues, expenditures, and balances to ensure the District is able to meet its needs with the revenues it receives.