

The March 2019 Naco Elementary School District performance audit found that the District needs to strengthen its computer controls and take steps to lower its food service program costs. The District's status in implementing the recommendations is as follows:

Status of 4 recommendations

Implemented:	2
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 March 2019 report.

Finding 1: District needs to strengthen its computer controls

1. The District should implement and enforce stronger password requirements for its computer network and critical systems and require employees to change assigned passwords at first login so that passwords are known only to the employees who create them.

Implemented at 12 months

2. The District should limit the business office employee's access in the accounting system to only those accounting system functions necessary to perform his/her job duties and transfer and remove the business office employee's administrator-level access to someone outside the business office.

Implemented at 12 months

Finding 2: District needs to take steps to lower food service program costs

3. The District should review its food service staffing positions and duties to identify and implement ways to reduce food service program costs.

Not implemented—Between fiscal years 2017 (the audit year) and 2020, the District did not make any significant changes to its food service staffing that resulted in lower food service program costs. Further, the District's food service staffing costs per meal remained much higher than peer districts averaged, and its food service program continued to operate at a loss, with expenditures exceeding revenues by over \$15,000 in fiscal year 2020, which otherwise could have been spent on instruction, such as for teacher salaries or supplies. In fiscal year 2021, District officials stated that food service staffing hours were reduced by about 20 percent from fiscal year 2020, and based on fiscal year 2021 year-to-date accounting records, this change reduced staffing costs by nearly \$20,000. However, the District served about 33 percent fewer meals in fiscal year 2021, resulting in an increase in the District's already much-higher-than-average staffing costs per meal. District officials believe that the reduction in meals served in fiscal year 2021 was due to the COVID-19 pandemic and stated that meal participation varied significantly from day to day, making it difficult to appropriately staff the program. District officials plan to further reduce food service staffing in fiscal year 2022 based on meal participation during the year and have an informal goal for the program to be self-supporting. It is important that the District continue to review food service staffing to identify and implement

ways to reduce staffing costs and the need to subsidize the program with monies that could otherwise be spent on instruction.

4. The District should identify and implement ways to maximize its usage of United States Department of Agriculture (USDA) food commodities to lower its food costs.

Partially implemented at 30 months—The District used 63 percent of its available USDA food commodities in fiscal year 2020 and 55 percent in fiscal year 2021, both of which were higher than the 13 percent it used in fiscal year 2017 (the audit year). According to District officials, the District made some changes to help maximize its usage of commodities starting in fiscal year 2020. However, the District was unable to fully use its available commodities in fiscal years 2020 and 2021 because, according to District officials, many commodities the District planned on ordering were unavailable, especially later in the year. To avoid this issue, District officials plan to make a list of all commodities they want to order for fiscal year 2022 and will order items as soon as they are available and store them for later use. It is important that the District continue to identify and implement ways to maximize its usage of commodities to reduce food costs and the need to subsidize the program with monies that could otherwise be spent on instruction.