

The June 2019 Parker Unified School District performance audit found that the District had high plant operations spending, should implement more efficient transportation program practices and accurately report transportation information for State funding purposes, and did not always have adequate accounting, computer, and building access controls. We made 20 recommendations to the District, and its status in implementing the recommendations is as follows:

### Status of 20 recommendations

Implemented	12
Partially implemented	2
In process	3
<b>Not implemented</b>	<b>3</b>

We will conduct a 54-month followup with the District on the status of the recommendations that have not yet been implemented.

### Finding 1: District had high plant operations spending and may save \$1 million annually by implementing changes

- The District should evaluate excess building space at its schools and determine and implement ways to reduce it.

**Not implemented**—According to District officials, the District has taken steps to try and reduce the costs of excess building space by closing off unused space at its schools and limiting the use of heating and cooling systems in these areas. However, District officials reported that these actions have not resulted in cost savings for the District. District officials stated they plan to continue to evaluate excess building space based on student and teacher counts every summer to determine whether to close additional space. District officials further reported that there are no plans to close any of the District’s schools, but there are plans to close off a building at one of the District’s schools in May 2024 after an air handling system replacement.
- The District should review its custodial staffing levels and determine and implement ways to reduce plant operations costs.

**Implemented at 36 months**—Since fiscal year 2017, the District has reduced its custodial staff by 6 full-time positions and is expecting to save an estimated \$133,000 in fiscal year 2022. The District’s savings were partially offset by increases to the State’s minimum wage, which has risen from \$10 to \$12.80 per hour during this same period.
- The District should monitor and track its spending on general plant operations supplies to determine what causes its high spending and implement ways to reduce its spending.

**Implemented at 36 months**—To help monitor and track spending on general plant supplies, the District has implemented additional recordkeeping procedures over plant supplies kept in its main warehouse, parts used on its white fleet vehicles at its transportation shop, and plant supplies kept in storage rooms and closets at its maintenance shop, which help the District better identify what supplies are needed. These procedures include maintaining detailed spreadsheets that monitor inventory quantities and costs as well as using software specifically designed to track transportation inventory that automatically reduces supply levels when work orders are processed. Additionally, the District’s fiscal year 2021 general plant supplies costs were approximately \$76,000

lower than the audit year, and based on year-to-date fiscal year 2022 data as of January 2022, the District's general plant supply costs are expected to stay at this lower amount.

4. The District should improve its process for conducting its annual physical inventory count by comparing actual inventory to expected inventory and separating recordkeeping and custodial responsibilities over supplies inventories among at least 2 of its current employees to better safeguard its supplies and potentially lower costs.

**Implementation in process**—The District has improved its process for conducting its annual physical inventory count by comparing actual inventory counts to expected inventory counts at the end of the fiscal year, investigating and resolving any differences identified, and requiring an employee to check inventory counts on 5 randomly selected items at least once per month. Additionally, District officials reported that recordkeeping and custodial responsibilities over supplies inventories have been separated among at least 2 employees. However, District officials reported that, due to a prolonged medical absence of staff responsible for inventory, the annual physical inventory count for fiscal year 2022 was performed late and several items were miscounted, and although recounts were performed, not all discrepancies were resolved. The District plans to complete the fiscal year 2023 annual inventory by July 2023.

## **Finding 2: District should implement more efficient transportation program practices and controls to lower spending and should accurately report transportation information for State funding purposes**

5. The District should monitor and track its general transportation supplies spending and determine and implement ways to reduce it.

**Not implemented**—While the District tracks transportation spending throughout the year to compare against the District's transportation budget, the District does not monitor and track its general transportation supplies spending. District officials reported that they plan to develop a process to monitor and track its general transportation supplies spending by July 2023 to help determine and implement ways to reduce the spending. However, District officials believe there are factors affecting the District's transportation supplies costs that are out of their control, such as increased maintenance and supplies costs related to an aging bus fleet. Monitoring and tracking its general transportation supplies spending and determining and implementing ways to reduce it is important as the District may be using monies for transportation spending that could instead be spent on instruction or other District priorities.

6. The District should ensure that school bus preventative maintenance is conducted in a systematic and timely manner in accordance with its policy and the State's Minimum Standards.

**Implemented at 18 months**—The District has implemented a new process and has assigned a transportation employee to create work orders for school buses after they have traveled approximately 8,000 miles since their last maintenance service. Those work orders are then provided to mechanics to help ensure preventative maintenance is performed by the District's 12,000-mile school bus preventative maintenance schedule. We reviewed preventative maintenance records for a sample of 5 of the District's 26 school buses and found that all 5 school buses received preventative maintenance services within the District's 12,000-mile policy.

7. The District should analyze whether it is more cost effective to hire additional transportation employees to perform driving duties or reassign duties among current part-time employees rather than assigning driving duties to a small group of full-time employees who are performing a large portion of their duties at the overtime pay rate of time-and-a-half, and take appropriate action, accordingly.

**Implementation in process**—Although District officials indicated that they are aware it is more cost effective to hire additional transportation employees to perform driving duties, District officials reported that the District had been unable to hire additional drivers for its transportation program despite several efforts to do so. For example, the District increased starting salaries for school bus drivers from \$16.25 per hour in fiscal year 2022 to \$21 per hour for fiscal year 2024. District officials also stated that the District currently offers to pay for training and licensing for new drivers. Further, the District advertised in the local newspaper in fiscal year 2023 to attract new

drivers. However, the number of drivers at the District has continued to decline, and the District has suspended operations of some bus routes and stops as well as making other changes, such as changing the hours of operation for 1 District school, to continue offering transportation services to District students. The District stated that it plans to evaluate its transportation services at the end of fiscal year 2023 to plan for fiscal year 2024.

8. The District should review its transportation fuel spending and determine and implement ways to reduce it, including taking advantage of all fuel tax exemptions available to it.

**Implemented at 18 months**—The District has worked with its fuel vendor to ensure it takes advantage of all fuel tax exemptions. We reviewed 3 months of fiscal year 2021 fuel invoices and determined that the District received eligible fuel tax exemptions. During the 3-month period we reviewed, the District saved more than \$1,150 in fuel tax charges as a result of the exemptions during that time period.

9. The District should adequately document and monitor the assignment of all fuel pump keys.

**Implemented at 18 months**—The District now uses its fuel pump key inventory system to monitor all electronic keys that are activated to access fuel pumps. Further, the District monitors and ensures that all activated fuel pump keys are individually assigned to a current employee. We reviewed the activated fuel keys listed on the February 2021 system-generated inventory list and observed that all activated keys were individually assigned to a current employee.

10. The District should no longer provide fuel keys to employees when the keys have not been specifically assigned to the employees, deactivate terminated employees' keys until they are reassigned, and ensure that all unassigned fuel pump keys are secured and accessible only to a supervisor.

**Implemented at 18 months**—See explanation for Recommendation 9. Additionally, we reviewed the District's unassigned fuel pump keys and determined that these keys are kept in a secured cabinet accessible only to a supervisor.

11. The District should ensure that all employees who fuel District buses and vehicles know, acknowledge, and follow appropriate fueling procedures, including signing a user agreement that directs them on proper use, procedures, and consequences for misusing their fuel keys. For each vehicle being fueled, proper procedures include employees entering accurate odometer readings into the digital key system that regulates access to the fuel pumps.

**Implementation in process**—Since the 36-month followup, the District updated its user agreement so that it directs employees on proper fuel key use and procedures, and consequences for misusing their fuel keys. We reviewed the District's February 2023 fuel logs and user agreements and determined that all 22 employees who appeared on the fuel logs had signed the updated agreement. However, we identified 3 instances where the District's fueling procedures may not have been followed because the odometer readings reported when fueling resulted in an unusually large number of miles driven between fueling. District officials had not identified the large number of miles driven between fueling and were unable to provide additional information on whether the odometer readings and mileage differences were justified and appropriate. District officials stated that beginning in May 2023, they plan to implement a detailed process to review fuel logs based on mileage intervals to ensure that employees are following appropriate fueling procedures.

12. The District should review fueling reports for appropriateness and reasonableness and investigate any irregularities identified to help ensure appropriate fuel use and take appropriate action, accordingly.

**Not implemented**—We previously reported this recommendation as implemented at 36 months. At that time, a District official was reviewing fueling reports for appropriateness and reasonableness and investigating any irregularities identified to help ensure appropriate fuel use and appropriate action was taken accordingly. However, a different District official is now responsible for reviewing the fueling reports, and as discussed in Recommendation 11, our review of the District's February 2023 fuel logs identified 3 instances where odometer readings reported when fueling resulted in an unusually large number of miles driven between fueling. District officials had not identified these irregularities and were unable to provide additional information about whether the odometer readings and mileage differences were justified and appropriate. District officials stated that beginning

in May 2023, they planned to implement a detailed process to review fuel logs based on mileage intervals. We will assess the District's efforts to implement this recommendation at the 54-month followup.

13. The District should determine whether it would be beneficial to install security cameras at its fuel pumps to help it monitor fueling activity and protect its assets.

**Implemented at 18 months**—The District has installed security cameras at all its fuel pumps District-wide to help investigate any irregularities identified when reviewing fueling reports and for general security and safety purposes.

14. The District should accurately calculate and report to the Arizona Department of Education (ADE) for State funding purposes the number of route miles traveled and actual number of eligible students transported.

**Implemented at 36 months**

15. 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.

**Implemented at 6 months**

### **Finding 3: District did not always have adequate accounting, computer, and building access controls**

16. The District should improve its procedures for handling cash collected from extracurricular activities tax credit donations and student club deposits, including separating responsibilities among current employees for collecting cash, depositing it, and reconciling cash collections to deposits.

**Partially implemented at 42 months**—As we reported in the previous followup, the District has improved its procedures for handling cash collected from student club deposits. However, since the 36-month followup, the District has not improved procedures to resolve all deficiencies in its process for collecting extracurricular activities tax credit donations, including ensuring adequate separation of duties, record keeping, and reconciliation. For example, the District does not issue sequentially numbered receipts for cash transactions, and as part of its reconciliation process, does not review documentation of cash receipts to ensure all cash collected was deposited.

17. The District should ensure that all credit card purchases and supporting receipts are reviewed and approved for appropriateness.

**Implemented at 36 months**

18. The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job duties, including removing the business office employees' administrator-level access and transferring it to someone outside the business office.

**Partially implemented at 36 months**—We reviewed all active users in the District's accounting system in February 2022 and found that the District had transferred administrator-level access to someone outside the business office. We again reviewed all active users in March 2023 and found that the District had appropriate administrator-level access assigned within the accounting system. However, we identified 2 users who continued to have more access than they needed to perform their job duties. District officials reported that they plan to review access for these 2 users and identify possible adjustments to reduce their access.

19. The District should implement procedures to ensure that terminated employees have their computer network and accounting system access promptly removed.

**Implemented at 42 months**—The District implemented procedures to ensure that terminated employees' computer network and accounting system access is promptly removed. We compared the District's March 2023 active user accounts in the computer network and accounting system to a list of employees who terminated employment with the District between January 2019 and February 2023 and found no computer network or accounting system user accounts linked to terminated employees.

20. The District should reestablish controls over access to its gates and building by exploring available options to rekey its doors and gates with keys that indicate that they are not to be duplicated and ensure that its process for distributing and tracking keys is followed so that it maintains an up-to-date record of all employees who have keys, which keys they have, and the buildings and areas for which those keys provide access. Additionally, the District should have a process to ensure that its records clearly identify whether terminated employees have returned all keys assigned to them.

**Implemented at 42 months**—The District rekeyed all its facilities in fiscal year 2019 and created procedures to control its keys. The procedures include requiring all employees to sign key agreements that state which keys employees have been assigned, what physical access the keys provide, proper use of keys, and consequences for lost or misused keys. The District also purchased and implemented key-management software. We compared 10 of the 278 key holders with signed key agreements from fiscal year 2023 to the District's key-management software report and found the key-management software report matched the signed key agreements. Additionally, we reviewed the District's key records for all 4 employees who terminated employment with the District in January and February 2023 and found the report showed all of their assigned keys had been returned to the District upon termination.