

The July 2019 Solomon Elementary School District performance audit found that despite its reasonably efficient operations, the District needed to strengthen some of its accounting and computer controls, help ensure student and employee health and safety by implementing a plan to prevent bat infestations, and improve transportation program oversight. The District's status in implementing the recommendations is as follows:

**Status of 19 recommendations**

Implemented:	11
Implemented in a different manner:	1
Partially implemented:	1
<b>Not implemented:</b>	<b>6</b>

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 July 2019 report.

**Finding 1: District's inadequate accounting and computer controls increased risk of errors and fraud and led to incorrect payments**

1. The District should implement proper controls over its purchasing process by having the superintendent or District office administrative assistants review the vendor checks and supporting documentation before sending the payments.

**Implemented at 18 months**

2. The District should implement controls over its payroll process by including additional District employees in the process to ensure proper separation of responsibilities.

**Implemented at 18 months**

3. The District should ensure that employees' duties or additional duties and related payments are addressed in annual contracts or personnel/payroll action forms, approved in advance of the work being performed as required by the *Uniform System of Financial Records for Arizona School Districts*, and maintained in employee personnel files.

**Implemented at 18 months**

4. The District should establish and implement procedures to review employee pay to help ensure that employees are paid correctly and rectify any overpayments or underpayments made to employees.

**Partially implemented at 18 months**—The District implemented review procedures to help ensure that employees are paid correctly, and our review of supporting documentation for 10 of the 34 employees paid through the District's payroll in fiscal year 2021 found that all 10 were paid correctly. However, the District did not rectify all overpayments and underpayments made to employees identified during the original audit. District officials stated that the \$139 overpayment was paid back to the District by the employee, but the other \$78 overpayment and the \$100 underpayment were not corrected because those employees no longer worked for the District.

5. The District should ensure that its superintendent's contract is structured in a manner in which up to 20 percent of the superintendent's total annual salary is classified as performance pay, and that the contract includes the performance goals the superintendent must meet in order to receive that portion of pay.

**Implemented at 6 months**

6. The District should ensure that it retains adequate documentation to demonstrate that teachers met their performance pay goals.

**Implemented at 24 months**

7. The District should limit users' access in the accounting system to help ensure that no employee can initiate and complete a transaction without an independent review and approval.

**Implemented in a different manner at 18 months**—Due to the District's small size, it has provided only 1 employee with accounting system access, and that employee has administrator-level access to the system, enabling them to perform all accounting system functions without an independent review and approval. To compensate for the employee's broad accounting system access, the District implemented additional reviews and approvals of payroll and purchasing transactions as noted earlier in the status summaries for recommendations 1 through 4.

8. The District should ensure that its network-connected servers have currently supported operating systems installed or reduce the risk of computer-related attacks by limiting their use and/or remove the network access to these servers.

**Implemented at 18 months**

9. The District should implement and enforce stronger password requirements for its accounting and student information systems.

**Implemented at 30 months**

10. The District should create and implement a customized written information technology (IT) contingency plan, test it periodically to identify and remedy any deficiencies, and store backup drives in a secure location, separate from its server.

**Not implemented**—The District implemented an IT contingency plan, but it did not contain critical information outlined in the original audit finding such as detailed procedures for restoring systems, contingencies for continued business operations during a system outage, or individual responsibilities to execute the plan. Additionally, the District did not provide documentation showing that it has tested its contingency plan, and the District's only IT employee did not work on developing the contingency plan. District officials stated that they would work with the IT employee to complete and test the plan.

## Finding 2: Bat infestations created potential health and safety concerns

11. The District should continue working to seal the classroom building and address any potential health and safety hazards related to its fiscal year 2017 bat infestation.

**Not implemented**—The District did not address all the potential health and safety hazards related to its fiscal year 2017 bat infestation. In September 2020, the District had a qualified, State-certified, pest control professional investigate and inspect the classroom building to identify any bat activity. In October 2020, the District worked with a pest control company to inspect, clean, deodorize, and seal the classroom building to prevent bats from entering. However, the District did not clean affected HVAC air ducts in the building and did not conduct final visual inspection and surface sampling of affected areas to evaluate surfaces for the presence of fecal bacteria as recommended by environmental consultants in 2017. The District cannot ensure the health and safety of its employees and students until it determines that all contaminants resulting from the bat infestation have been removed. District officials agreed and stated that they would work with the Arizona School Facilities Oversight Board to get the recommended testing completed.

12. The District should incorporate a bat prevention plan into its overall building preventative maintenance plan to protect it from future infestations and health and safety risks as recommended in consultant reports from the 2 prior bat infestations.

**Implemented at 30 months**

## Finding 3: District needs to improve transportation program oversight

13. The District should establish a formal written policy that states what preventative maintenance work will be completed at what mileage or time frame, perform bus preventative maintenance in accordance with its policy, and maintain documentation of preventative maintenance performed to comply with the Minimum Standards and help ensure a safe transportation program.

**Implemented at 24 months**—The District established a written bus preventative maintenance policy in January 2021, and we reviewed preventative maintenance documentation for all 6 of the District’s buses through September 2021 and found that all buses received preventative maintenance services in accordance with the District’s policy.

14. The District should ensure its bus drivers perform pretrip inspections and should maintain documentation of these inspections.

**Implemented at 12 months**

15. 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 students transported.

**Not implemented**—The District did not accurately calculate and report to ADE the number of route miles traveled and actual number of students transported for fiscal year 2021. The District did not make any changes to how it calculated and reported miles since the original audit to ensure it was accurately reporting this information to ADE for funding purposes, resulting in the District understating its total miles by nearly 40 percent, or 8,222 miles, in fiscal year 2021. Further, although the District began conducting rider counts as required by ADE to calculate the actual number of students transported for fiscal year 2021, it did not accurately report this information to ADE, resulting in the District overstating its total riders by nearly 90 percent, or 75 riders. The District should ensure it is meeting reporting requirements by accurately reporting route mileage and riders to ADE for State funding purposes and should work with ADE to determine whether a correction for fiscal year 2021 is needed. Additionally, having accurate mileage and ridership information would allow the District to calculate and monitor performance measures, such as cost per mile and cost per rider, to assess its transportation program’s efficiency. District officials agreed that miles and riders were not accurately reported for fiscal year 2021 and stated that they have contacted ADE about correcting fiscal years 2021’s and 2017’s (see recommendation 16) miles and riders but have not been able to get in contact with anyone to correct the errors. However, District officials did not provide the documentation we requested to show its attempted correspondence with ADE staff.

16. The District should work with ADE to determine whether it should correct errors it made in reporting its fiscal year 2017 miles and riders.

**Not implemented**—The District has not corrected the errors it made in reporting its fiscal year 2017 miles and riders. District officials stated they have contacted ADE about this correction but have not been able to get in contact with anyone to correct the errors. However, District officials did not provide the documentation we requested to show its attempted correspondence with ADE staff. Further, as noted in the status summary for recommendation 15, the District made errors in reporting its fiscal year 2021 miles and riders and should work with ADE to correct these errors as well.

17. The District should implement proper controls over its fuel card process, such as requiring employees to record the vehicle number and accurate odometer readings when fueling, reviewing all employees’ fuel purchases to determine whether they appear reasonable, and investigating any questionable purchases and taking action, as appropriate.

**Not implemented**—Although drivers are now required to enter odometer readings into the vendor’s fueling system when fueling District vehicles, they are not required to enter their vehicle numbers when fueling. Further, although drivers are now required to keep daily mileage logs for school buses, they are not required to keep daily mileage logs for other District vehicles such as white fleet vehicles that District staff use. As a result, the District’s review of fuel invoices could not determine whether fuel purchases for white fleet vehicles were reasonable and appropriate. Lastly, District officials stated they now require another employee to review the superintendent’s fuel purchases to prevent him from reviewing his own fuel purchases, but the District did not provide documentation we requested to show this review was occurring.

18. The District should work with its fuel vendor to determine if the vendor can add restrictions to the fuel cards, including restricting the days and times that fuel can be purchased with a fuel card or the number of times a fuel card can be used each week. If the vendor is not able to add these features, the District should implement another method for obtaining this information, such as requiring its bus drivers and other employees who fuel District vehicles to complete fuel logs so that it can match the vendor receipts to the logs to further ensure the appropriateness of fuel purchases and the use of the vehicles.

**Not implemented**—District officials stated that they were unable to add further restrictions to fuel cards. However, the District did not implement any additional controls, such as requiring drivers to complete fuel logs and reviewing these logs to ensure that all fuel purchases are appropriate. Further, as stated earlier in the status summary for recommendation 17, the District did not require drivers to keep daily mileage logs for white fleet vehicles that District staff use. As a result, the District’s review of fuel invoices could not determine whether fuel purchases for white fleet vehicles were reasonable and appropriate.

19. The District should require all employees who use fuel cards to sign a user agreement that directs them on appropriate fuel use and fueling procedures, as well as consequences for misusing the fuel cards.

**Implemented at 12 months**