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October 25, 2018

The Honorable Anthony Kern, Chair  
Joint Legislative Audit Committee

The Honorable Bob Worsley, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Kern and Senator Worsley:

Our Office has recently completed an 18-month followup of the Yarnell Elementary School District's implementation status for the 14 audit recommendations presented in the performance audit report released in February 2017. As the attached grid indicates:

- 13 recommendations have been implemented, and
- 1 recommendation has not been implemented.

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 resulting from the February 2017 performance audit.

Sincerely,  
Vicki Hanson, Director  
Division of School Audits

cc: Governing Board  
Ms. Lori Bomar, Administrator  
Yarnell Elementary School District

# YARNELL ELEMENTARY SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued February 2017

### 18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: Improvements needed to lower costs and improve controls over transportation program</b>	
1. The District should review its transportation employee benefit costs and determine if they can be modified to produce cost savings.	<b>Implemented at 6 months</b> The District implemented several changes to reduce its transportation costs, including entering into a contract with a neighboring school district to transport Yarnell ESD's high school students. As a result, the District's total transportation costs have decreased from about \$57,000 in fiscal year 2013 to about \$32,000 in fiscal year 2017.
2. The District should implement proper controls over its fueling process, such as requiring employees to record the vehicle and its odometer readings when fueling, reviewing monthly billing statements to determine whether fuel purchases appear reasonable based on mileage traveled, and investigating any questionable purchases.	<b>Implemented at 12 months</b>
3. The District should work with the neighboring elementary school district for which it provided transportation to recover underpayments.	<b>Not implemented</b> According to district officials at the 6-month followup, Yarnell ESD has chosen not to pursue the underpayments owed to it by the neighboring school district.
4. The District should implement procedures to ensure that bus driver certification requirements are met and documented in accordance with the State's <i>Minimum Standards</i> .	<b>Implemented at 6 months</b>
5. The District should establish a bus preventative maintenance policy, conduct preventative maintenance in accordance with its policy and the State's <i>Minimum Standards</i> , and ensure that documentation pertaining to bus preventative maintenance is prepared and maintained.	<b>Implemented at 6 months</b>
6. The District should accurately calculate and report miles driven and students transported for state funding purposes.	<b>Implemented at 12 months</b>

Recommendation	Status/Additional Explanation
7. The District should work with ADE regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budgets until all funding errors caused by the misreported mileage are fully corrected.	<b>Implemented at 12 months</b>

**FINDING 2: District may be able to reduce food service program costs and subsidy**

1. The District should consider and implement methods to better determine the number of meals needed each day, such as reviewing prior meal-production records or having teachers obtain a morning count of the students planning to obtain a school lunch that day and then matching meal production to those records or counts.	<b>Implemented at 6 months</b> The District now requires teachers to obtain morning counts of the students planning to obtain a school lunch that day, and the food service staff prepare meals based on the counts.
2. The District should begin tracking and monitoring its food inventory and ensuring that food is date stamped, which would allow the District to better follow a first-in, first-out inventory method.	<b>Implemented at 12 months</b>
3. To help ensure it receives the best price for goods and services, the District should follow the competitive procurement requirements in the <i>USFR</i> , which include comparing prices among vendors.	<b>Implemented at 6 months</b>
4. The District should consider increasing its student meal price to help reduce its food service program subsidy.	<b>Implemented at 6 months</b>

**FINDING 3: Poorly maintained facility on district property raises health and safety concerns and could expose District to potential liability**

1. The District should address any health and safety concerns related to its district-owned residence and secure or properly dispose of any school materials or student records stored in it.	<b>Implemented at 6 months</b> The District demolished the building.
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**OTHER FINDING 1: Payroll controls need to be strengthened**

1. The District should establish and implement procedures to review employee pay to help ensure that employees are paid correctly and ensure that payments for additional work are properly documented, approved prior to payment, and maintained in employee personnel files.	<b>Implemented at 6 months</b>
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**Recommendation****Status/Additional Explanation****OTHER FINDING 2: Password requirements need to be strengthened**

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1. The District should implement stronger password requirements for its computer network and student information system related to password length, complexity, and expiration.

**Implemented at 18 months**

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