



PINE STRAWBERRY SCHOOL

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December 10, 2021

Ms. Lindsey Perry
Office of the Auditor General
2910 N. 44th Street, Suite410
Phoenix, AZ 85018

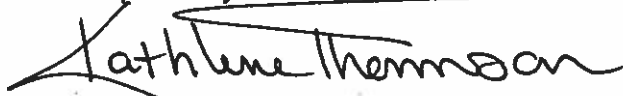
Dear Ms. Perry,

Pine Strawberry Elementary School District has received and reviewed the Performance Audit report conducted the 2020-2021 school year. The information and recommendations provided will assist the district in enhancing and improving our operational procedures. After extensive review and reflection the Pine Strawberry School District agrees with the findings and recommendations resulting from the audit.

Pine Strawberry Elementary School District would like to thank the audit team for their insight and professionalism during the audit process.

If you have any questions, please feel free to contact me or Mrs. Aimee Manjarres, Business Manager.

Respectfully Submitted,



Kathlene Thomson

Superintendent

Pine Strawberry Elementary School District #12

Finding 1: District employed more noninstructional staff than peer districts at a cost of about \$258,100 in fiscal year 2020—monies that it could have spent on instruction or other District priorities.

District Response: The District agrees with the finding.

Recommendation 1: The District should reduce its administrative spending by assessing its administrative staffing levels and reducing to levels similar to its peer districts' averages.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Pine Strawberry School District agrees with the findings. These findings will be taken to the Governing Board's annual retreat and will be reviewed/discussed for future plans to decrease administrative cost. As staff vacate positions there will be a reassessment of each pay-scale and duties assigned to these positions.

Recommendation 2: The District should reduce its plant operations spending by assessing its plant operations staffing levels and reducing to levels similar to its peer districts' averages.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Pine Strawberry School District agrees with the findings. These findings will be taken to the Governing Board's annual retreat and will be reviewed/discussed for future plans to decrease plant operations cost. As staff vacate positions there will be a reassessment of each pay-scale and duties assigned to these positions.

Recommendation 3: The District should reduce its food service spending by assessing its food service staffing levels and reducing to levels similar to its peer districts' averages.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District agrees with the findings and will work to decrease cost associated with the cafeteria/food services. As discussed during the audit process, the Governing Board prefers to have the school district provide home-cooked meals which requires additional staff to prepare. This recommendation will be brought to a Governing Board during their annual governing board retreat to discuss opportunities to decrease cost.

Finding 2: Board member failed to fully disclose and improperly participated in over \$12,000 in payments to business for which he had substantial interest

District Response: The District agrees with the finding.

The Pine Strawberry School District has started the conversation with the Governing Board to implement appropriate changes.

Recommendation 4: Board members should ensure they follow the State conflict-of-interest law by following the practices they learned in the District-provided training, including describing their substantial interests on the District's conflict-of-interest form as required and

only approving vouchers for or voting on consent agenda items related to matters for which they do not have a substantial interest.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will be holding annual Conflict of Interest Trainings during the Governing Board's annual work study session.

Recommendation 5: The District can help ensure that Board members do not approve payments for or vote on matters for which they have a substantial interest by:

- a. Developing and implementing written procedures to help Board members identify meeting agenda items for which they have conflicts based on the substantial interests listed on their forms, such as requiring District staff to review Board member conflict-of-interest forms, identify substantial interest items in meeting agenda and packets, and notify the Board member accordingly. The District should develop and implement a secondary review procedure to ensure this happens.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Pine Strawberry School District has developed and implemented set procedures in response to the findings. Staff will be reviewing these procedures on an annual basis with the Governing Board during the work study session. One of the procedures that was established was moving the voucher approval process to the action items on the board agendas.

- b. Including in its Board member conflict-of-interest training information regarding the importance of Board members reviewing their Board meeting packets and consent agendas to ensure they do not approve payments to a vendor for which they have a substantial interest.

District Response: The District agrees with the recommendation and will implement the recommendation.

The School District has implemented a review process (Staff and Board President) prior to each board meeting to identify items with conflict of interest.

- c. Developing and implementing a written procedure to require District staff to review conflict-of-interest forms to confirm that when a Board member (or District staff person) reports a substantial interest, they must also describe the substantial interest, such as their job title, role or responsibilities, and compensation.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has also identified a staff member to take the lead on manage all potential conflicts of interest. This staff will provide the annual conflict of interest training and will work with each board member on identifying any/all conflicts.

Finding 3: District did not ensure all cash collected was deposited, allowed users too much accounting system access, and misclassified expenditures

District Response: The District agrees with the finding. The District has implemented procedures and has reviewed practices to be sure all internal controls are in place.

Recommendation 6: The District should provide training on USFR cash-handling requirements to all employees involved in cash collection, deposit, and review.

District Response: The District agrees with the recommendation and will implement the recommendation. All Pine Strawberry School finance staff have received requested training as recommended.

Recommendation 7: The District should follow USFR cash-handling requirements to ensure all cash collected is deposited by:

Recommendation 7a: Preparing sequentially numbered receipts for all cash received.

District Response: The District agrees with the recommendation and will implement the recommendation. The District has established procedures to manage all cash-handling activities to meet USFR guidelines.

Recommendation 7b: Depositing all cash at least weekly.

District Response: The District agrees with the recommendation and will implement the recommendation. The District has established procedures to manage all cash-handling activities to meet USFR guidelines.

Recommendation 7c: Maintaining evidence for all cash deposits.

District Response: The District agrees with the recommendation and will implement the recommendation. The District has established procedures to manage all cash-handling activities to meet USFR guidelines.

Recommendation 7d: Reconciling cash receipts to cash deposits.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has established procedures to manage all cash-handling activities to meet USFR guidelines.

Recommendation 8: The District should review accounting system users' access levels and limit users' access in the accounting system to only those functions needed to perform their job duties, including transferring administrator-level access to someone outside of the business office.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Pine Strawberry School District has resolved this issue based on the information provided during the preliminary audit finding's discussion

Recommendation 9: The District should ensure staff responsible for classifying expenditures review the Uniform Chart of Accounts for school districts at least annually and any time it is revised or updated, and implement its guidance to accurately account for and report the District's spending.

District Response: The District agrees with the recommendation and will implement the recommendation.

In response to recommendation number 9 the School District has provided professional development on the Uniform Chart of Accounts, as well as, best practices when managing district expenditures. This professional development took place during the audit process and will be revisited annually.