

Concho Elementary School District

District did not comply with State conflict-of-interest and open meeting law requirements, limiting transparency; did not appropriately handle cash and calculate payroll; provided food and beverages at District events without prior Board approval; and allowed too much access to its IT network and accounting system, increasing the risk of fraud and abuse

Audit purpose

To assess the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements.

Key findings

- Contrary to State conflict-of-interest laws, a Board member and District employees improperly participated in matters in which they had substantial interests; additionally, the District lacked procedures to ensure that all Board members and employees completed required forms, and to review and remediate reported conflicts.
- District did not comply with important cash-handling requirements for receiving and depositing cash; and lacked important controls in its payroll process, which resulted in more than \$1,300 in overpayments to employees as well as incorrect retirement withholdings that could permanently affect monthly retirement benefits.
- Contrary to State laws and District policies, the District failed to accept at least \$4,400 worth of gifts and donations at public meetings and spent nearly \$900 on food and beverages for District events without prior Board approval.
- District allowed some users excessive access to its sensitive computerized data, did not promptly disable users' access to its network and accounting system when no longer needed, and lacked authentication controls which increased the risk of unauthorized access to sensitive information, data loss, errors and fraud.

Key recommendations

The District should:

- Require Board members and employees to at least annually complete conflict-of-interest disclosure forms that either fully describe any substantial interests or attest that no conflicts exist; help Board members identify meeting agenda items involving their interests; ensure Board members and employees refrain from participating in matters involving their substantial interests; and train Board members and employees about conflict-of-interest requirements.
- Develop and implement written procedures to ensure proper cash handling, including issuing sequential, pre-numbered receipts and making timely deposits; separate duties for payroll processing; and identify and correct payroll and retirement contribution errors.
- Ensure that all gifts and donations are accepted in public meetings and for each District event where food and beverages are provided, determine the public purpose and benefit of doing so and obtain prior Board approval.
- Limit user access to only those functions necessary for performing job duties and develop and implement a process for promptly removing unnecessary accounts and reconfiguring system access when job duties change; and implement and enforce strong authentication controls.