

The October 2020 Cochise Elementary School District performance audit found that the District needs to improve its oversight of its transportation program and potentially harmful surplus equipment to ensure student safety, and the District’s high food costs and low meal prices cost it about \$14,000. We made 19 recommendations to the District, and its status in implementing the recommendations is as follows:

**Status of 19 recommendations**

Implemented	15
Implemented in a different manner	1
<b>Not implemented</b>	<b>3</b>

Unless otherwise directed by the Joint Legislative Audit Committee (JLAC), this report concludes our follow-up work on the District’s efforts to implement the recommendations from the October 2020 report.

**Finding 1: District put student safety at risk by not ensuring school buses were maintained; did not maintain documentation that bus drivers met all certification requirements; and misreported miles, resulting in underfunding**

1. To help ensure school bus passengers’ safety and extend the useful life of its buses, the District should:
  - a. Require and train its school bus drivers to use a tire pressure gauge during their pretrip safety inspections to accurately assess bus tire pressure and ensure bus tires are properly inflated before transporting students.  
**Implemented at 24 months**
  - b. Implement a process to ensure that the District’s transportation supervisor timely and consistently reviews daily pretrip inspection reports.  
**Implemented at 18 months**
  - c. Implement a process to ensure that bus drivers communicate daily any identified bus issues to the District’s transportation supervisor.  
**Implemented at 18 months**
  - d. Ensure that school bus repairs are timely performed and documented in accordance with the State’s *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards).  
**Not implemented**—In the previous 30-month follow-up report, we reported that the District developed new procedures related to performing and documenting school bus repairs that appeared to be in accordance with the State’s Minimum Standards. However, our review of the District’s documentation related to school bus repairs that occurred between August 2023 and January 2024 found that for 6 of 14 school bus defects identified during this time frame, the District did not follow its new procedures for ensuring that school bus repairs are timely performed in accordance with Minimum Standards.

Minimum Standards require that when a District identifies a major defect in a school bus, the bus must be taken out of service until the defect is repaired. However, 5 of the 6 defects for which the District did not follow its policy were major defects that took the District between 3 and 19 days to repair. Contrary to Minimum

Standards requirements, the affected buses continued to transport students during the period between when the defects were identified and when they were repaired. Additionally, 1 defect was identified as a minor defect that took 20 days to be repaired, which exceeds Minimum Standards' 15-day time frame by 5 days.

Each of our 3 previous follow-up reports identified similar deficiencies, and although the District reported to us each time that it would take additional steps to implement this recommendation, it has not done so. Additionally, in August 2023, the District provided us with an action plan for implementing this and other outstanding recommendations that it had developed in response to a letter from JLAC. However, despite the District's repeated assurances and the action plan it created, it has not implemented this recommendation. Therefore, unless otherwise directed by JLAC, this report concludes our followup on the District's efforts to implement this recommendation.

- e. Implement a process to track and document when school bus preventative maintenance is due and performed and ensure school bus preventative maintenance is performed in a systematic and timely manner in accordance with District policy and the State's Minimum Standards.

**Implemented at 24 months**

- f. Review the State's Minimum Standards to ensure it is aware of and complying with all requirements related to school bus inspections, repairs, and maintenance.

**Not implemented**—In the previous 30-month follow-up report, we reported that the District reviewed the State's Minimum Standards and in December 2022, developed procedures for school bus inspections, repairs, and maintenance that appeared to comply with the State's Minimum Standards. Additionally, the District's transportation staff annually sign a form verifying that they have reviewed the Minimum Standards. However, as explained in recommendation 1d, the District continues to not comply with the Minimum Standards, and despite its assertions in the 3 previous followups and its action plan, it has not implemented this recommendation. Therefore, unless otherwise directed by JLAC, this report concludes our followup on the District's efforts to implement this recommendation.

- 2. The District should ensure that school bus driver certification requirements are documented and kept in accordance with the State's Minimum Standards to help ensure school bus passengers' safety.

**Implemented at 18 months**—Our review of files for all 3 of the District's fiscal year 2022 school bus drivers found that all certification requirements were current and appropriately documented in accordance with the State's Minimum Standards.

- 3. The District should annually review the Arizona Department of Education's (ADE) most recent transportation guidance and accurately calculate and report to ADE the number of route miles traveled for State funding purposes.

**Implemented at 18 months**—District officials stated that they reviewed ADE's transportation guidance and watched a webinar in January 2022 prior to submitting fiscal year 2022 transportation route reports to ensure the District accurately reported miles and riders to ADE for the first 100 days of school. We reviewed the District's bus logs for the first 100 days of school and confirmed that the District accurately reported the number of route miles traveled and the number of students transported for State funding purposes in fiscal year 2022.

- 4. The District should work with ADE regarding needed corrections to its transportation funding report until all funding errors that the misreported mileage caused are fully corrected.

**Not implemented**—As we reported in the previous 24-month followup, although the District worked with ADE in August 2021 to resubmit its fiscal year 2018 transportation funding report, the District did not correct the errors we identified during the audit. Therefore, the District's funding did not change. If the District had corrected the transportation funding reporting errors we identified, it would have received nearly \$10,000 in additional State transportation funding. However, because ADE can only modify data that impacts State aid for the previous 3 fiscal years, the District can no longer make corrections to its fiscal year 2018 transportation funding report.

## Finding 2: District’s high food costs and low meal prices cost it about \$14,000 in monies that could have been spent on instruction

5. The District should implement more efficient practices in its food service program to reduce its spending by:
  - a. Planning menus around the availability of free foods available to the District through the United States Department of Agriculture’s (USDA) Food in Schools program.

**Implemented at 24 months**—District officials stated that they began planning menus to include free fruits and vegetables available through the USDA Food in Schools program for fiscal year 2023. We reviewed the District’s fiscal year-to-date 2023 USDA Food in Schools program usage report and found that the District has ordered and received \$4,409 in free foods, or 91 percent of the District’s fiscal year 2023 entitlement. The District did not order any of its USDA Food in Schools entitlement during the audit year.
  - b. Regularly reconciling and reviewing food inventory to limit spoilage and to better plan menus around food already purchased.

**Implemented at 42 months**—Since the previous 30-month followup, the District has created an inventory list that it uses to track food items throughout the course of its 3-week rotating menu. In addition, the District created a weekly tracking document that combines information from the inventory list and the food production logs determine whether food items need to be reordered. District staff reported that the inventory list is reconciled to the physical inventory on a weekly or bi-weekly basis depending on how frequently the food items are used.
  - c. Creating and reviewing meal production and usage records to identify overproduction, limit waste, and increase meal participation by identifying the most popular menu items.

**Implemented at 42 months**—In the previous 30-month follow-up report, we reported that the District began creating and tracking meal production and usage records in fiscal year 2022. The District continued this practice in fiscal year 2024. District officials reported that for fiscal year 2024, they reviewed past production and usage logs to identify the most popular meals and created a 3-week rotating menu featuring the meals they identified. We reviewed the District’s production and usage records for February and April 2024 and found that the District reduced the number of lunches overproduced by 64 lunches, or approximately 27 percent compared to a similar 2-month period reviewed during the prior 30-month followup, resulting in overproduction of less than 10 percent for the fiscal year 2024 months we reviewed.
6. The District should increase its food service program revenues and reduce its need to subsidize its food service program with monies that could be used for instruction by:
  - a. Increasing adult meal prices to cover the cost of preparing each meal.

**Implemented at 42 months**—The District used data from fiscal year 2023 to calculate its cost per meal and based on that calculation, set fiscal year 2024 adult meal prices at \$7.25 per meal. We reviewed the District’s fiscal year 2023 food spending and found that the District’s new adult meal price covers the full cost per meal.
  - b. Increasing student meal prices to help reduce food service program losses.

**Implemented at 42 months**—The District has gradually increased its student meal price since the audit, with the fiscal year 2024 price set at \$2.75 per meal. Based on these increases, the District has reduced its food program losses on student meals by \$1.27 per meal, or 26 percent, since the audit. Additionally, the District has increased its fiscal year 2025 student meal price to \$3.00 per meal, which will likely further reduce food service program losses.
7. The District should monitor whether its food service program is operating at a loss by comparing food service spending to revenues at least monthly.

**Implemented at 18 months**

### **Finding 3: District did not restrict student access to and dispose of potentially harmful equipment**

8. The District should restrict student access to potentially harmful surplus equipment on campus until disposed of to help ensure student safety.

**Implemented at 18 months**

9. The District should dispose of any surplus District equipment in accordance with the Arizona Administrative Code.

**Implemented at 18 months**

### **Finding 4: District did not appropriately limit user's accounting system access to decrease risk of errors and fraud, and misclassified expenditures resulting in inaccurate financial reporting**

10. The District should limit the accounting system user's access to ensure that the user cannot initiate and complete payroll and purchasing transactions and provide accounting system access to a second user to separate responsibilities and provide for independent reviews and approvals.

**Implemented in a different manner at 18 months**—Although the District has not limited user access in the accounting system or provided accounting system access to a second user, the District developed alternative management review procedures. The procedures provide proper separation of duties and ensure that a single user cannot initiate and complete payroll and purchasing transactions without an independent review and approval. Our review of a sample of 5 voucher packets from fiscal year 2022 found that the District was following these procedures.

11. The District should review the Uniform Chart of Accounts for school districts and implement its guidance to accurately classify all expenditures when reporting its spending.

**Implemented at 42 months**—We reviewed the District's fiscal year-to-date 2024 expenditures and found that it had largely corrected the coding errors we identified during the audit and in subsequent followups.