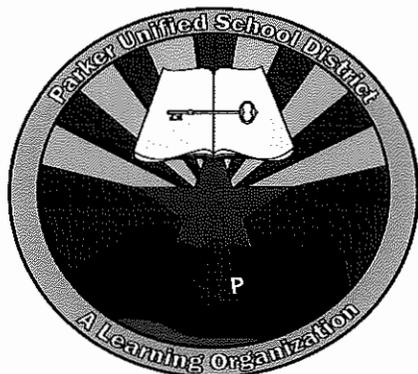


Parker Unified School District No. 27



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June 19, 2019

Ms. Lindsey A. Perry
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Re: Parker Unified School District Performance Audit

Dear Ms. Perry:

The Parker Unified School District respectfully submits the following response to the letter dated May 17, 2019 regarding the performance audit report for the Parker Unified School District #27.

Our district will work to implement the recommendations as specified in the performance audit. These recommendations will assist our district to operate in the most efficient and effective manner possible. It is our goal to be in compliance with all legal requirements for school districts and to be good stewards of public monies. This performance audit will help us fulfill this goal.

The Parker Unified School District would like to extend our appreciation to Mr. John A. Ward, Manager of the Division of School Audits, and his team for their time and patience demonstrated throughout the auditing process.

Sincerely,

James B. Lotts
Superintendent
Parker Unified School District

| | | | | | |
|--------------------|----------------|--------------------|--------------------|--------------------|---------------------|
| Parker High School | Blake Primary | Le Pera Elementary | Parker Alternative | Wallace Elementary | Wallace Junior High |
| (928) 669-2202 | (928) 669-8203 | (928) 662-4306 | (928) 669-2197 | (928) 669-2141 | (928) 669-2141 |

Finding 1: District had high plant operations spending and may save \$1 million annually by implementing changes

District Response: The District agrees with the finding.

Parker Unified concurs with the finding and will take appropriate steps to appropriately address them.

Recommendation 1: The District should evaluate excess building space at its schools and determine and implement ways to reduce it.

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

Parker Unified has begun evaluating excess building space. We will begin investigating excess space at the Blake, Le Pera, and Parker High School campuses and will look at closing unused areas to avoid custodial services and unnecessary utilities. While there is credence from strictly a financial perspective, that the Le Pera campus be closed, current governmental/political factors would cause major issues within our community. It is our intent to keep Le Pera campus open until student enrollment drops below 200. In the interim, we will close space and eliminate staffing where it is possible and practical.

Recommendation 2: The District should review its custodial staffing levels and determine and implement ways to reduce plant operations costs.

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

Parker Unified has started making steps to reduce the number of custodial staff. In the future, it will be the assistant superintendent's responsibility to scrutinize and curtail the cost for parts supplies used to maintain buildings and for the general repair of said buildings. With the recent change in transportation supervisor, the District has charged the new supervisor with finding ways to reduce the overall costs of the white fleet repairs.

Recommendation 3: The District should monitor and track its spending on general plant operations supplies to determine what causes its high spending and implement ways to reduce its spending.

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

The District has put in place a perpetual inventory for general plant supplies that are stored at the warehouse. The assistant superintendent and transportation supervisor will track and monitor the spending and will determine if the spending is appropriate. Transportation supervisor will implement the new inventory system for the transportation department to curtail costs for the white fleet.

Recommendation 4: The District should improve its process for conducting its annual physical inventory count by comparing actual inventory to expected inventory and separating recordkeeping and custodial responsibilities over supplies inventories among at least 2 of its current employees to better safeguard its supplies and potentially lower costs.

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

The District has developed a perpetual inventory for the warehouse. The assistant superintendent will meet quarterly with the warehouse supervisor and transportation supervisor to analyze the inventory count to determine where cost cutting measures can be implemented as well as to determine if there are anomalies in the overall spending for the District.

Finding 2: District should implement more efficient transportation program practices and controls to lower spending and should accurately report transportation information for State funding purposes

District Response: The District agrees with the finding.

Parker Unified concurs with these findings and is currently working on updated transportation practices and controls.

Recommendation 5: The District should monitor and track its general transportation supplies spending and determine and implement ways to reduce it.

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

The District has purchased an inventory program to assist the District in tracking transportation supply purchases. In addition, this program will also allow the District to monitor bus routes to determine the most efficient routing schedule. It is the District's intention to purchase computer software that will monitor labor costs associated with repair and maintenance of vehicles.

Recommendation 6: The District should ensure that school bus preventative maintenance is conducted in a systematic and timely manner in accordance with its policy and the State's Minimum Standards.

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

The District has taken steps to assure preventative maintenance will be performed on all buses according to the State's minimum standards. In addition, the transportation supervisor will track and maintain the records necessary to be in compliance with the minimum state standards.

Recommendation 7: The District should analyze whether it is more cost effective to hire additional transportation employees to perform driving duties or reassign duties among current part-time employees rather than assigning driving duties to a small group of full-time employees who are performing a large portion of their duties at the overtime pay rate of time-and-a-half, and take appropriate action, accordingly.

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

Parker Unified will analyze its transportation department to determine if there is a more efficient way to meet the demands of the District's transportation responsibilities. In an effort to hire more bus drivers, the District will explore different avenues available for recruitment.

Recommendation 8: The District should review its transportation fuel spending and determine and implement ways to reduce it, including taking advantage of all fuel tax exemptions available to it.

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

Parker Unified has contacted its fuel vendor and has completed the necessary forms for the District to be exempt from Federal Fuel Excise Tax, and will continue looking into switching over to red dye diesel to take advantage of the state's light class fuel tax.

Recommendation 9: The District should adequately document and monitor the assignment of all fuel pump keys.

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

The transportation supervisor has been properly trained on the software used to assign/unassigned key fobs to District employees. Up to date logs are maintained documenting distribution of key fobs.

Recommendation 10: The District should no longer provide fuel keys to employees when the keys have not been specifically assigned to the employees, deactivate terminated employees' keys until they are reassigned, and ensure that all unassigned fuel pump keys are secured and accessible only to a supervisor.

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

The transportation supervisor has been properly trained on the software used to assign/unassigned key fobs to District employees. Up to date logs are maintained documenting distribution of key fobs. The transportation supervisor has secured all unassigned keys and those unassigned keys can only be accessed by him.

Recommendation 11: The District should ensure that all employees who fuel District buses and vehicles know, acknowledge, and follow appropriate fueling procedures, including signing a user agreement that directs them on proper use, procedures, and consequences for misusing their fuel keys. For each vehicle being fueled, proper procedures include employees entering accurate odometer readings into the digital key system that regulates access to the fuel pumps.

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

Parker Unified will develop a user agreement form that directs employees who use the key fob system on the proper fueling procedures as well as the consequences involved if they misuse their fuel key. Procedures have been implemented that ensure employees are entering accurate odometer readings into the key fob system.

Recommendation 12: The District should review fueling reports for appropriateness and reasonableness and investigate any irregularities identified to help ensure appropriate fuel use and take appropriate action, accordingly.

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

The transportation supervisor has implemented procedures that will allow him to review and investigate any irregularities in a timely manner and to take appropriate action when required.

Recommendation 13: The District should determine whether it would be beneficial to install security cameras at its fuel pumps to help it monitor fueling activity and protect its assets.

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

The District has recently installed security cameras at the transportation department. This includes cameras at the fuel pumps.

Recommendation 14: Accurately calculate and report to ADE for State funding purposes the number of route miles traveled and actual number of eligible students transported.

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

The District has already implemented this recommendation starting in February 2018.

Recommendation 15: The District should work with ADE regarding needed corrections to its transportation funding reports until all funding errors that the misreported mileage and riders caused are fully corrected.

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

The District has made the proper corrections to ensure that the state will pay proper transportation funding going forward.

Finding 3: District did not always have adequate accounting, computer, and building access controls

District Response: The District agrees with the finding.

The District concurs with the finding and has implemented procedures to ensure adequate accounting, computer, and building access.

Recommendation 16: The District should improve its procedures for handling cash collected from extracurricular activities tax credit donations and student club deposits, including separating responsibilities among current employees for collecting cash, depositing it, and reconciling cash collections to deposits.

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

The District has strengthened its internal control procedures to safeguard cash for extracurricular activities tax credit and student club deposits including the separating responsibilities of collecting cash, depositing cash, and the reconciliation of the cash collections to deposits, between at least two employees.

Recommendation 17: The District should ensure that all credit card purchases and supporting receipts are reviewed and approved for appropriateness.

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

The District implemented this recommendation immediately. All receipts are being checked by the building administrator as well as the purchaser.

Recommendation 18: The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job duties, including removing the business office employees' administrator-level access and transferring it to someone outside the business office.

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

The District will analyze current access to the accounting system and will make appropriate changes.

Recommendation 19: The District should implement procedures to ensure that terminated employees have their computer network and accounting system access promptly removed.

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

The District has assigned the IT Director and Business Office Manager to review school board minutes to see who has been terminated to deactivate access to the computer network and accounting system in a timely manner.

Recommendation 20: The District should reestablish controls over access to its gates and buildings by exploring available options to rekey its doors and gates with keys that indicate that they are not to be duplicated and ensure that its process for distributing and tracking keys is followed so that it maintains an up-to-date record of all employees who have keys, which keys they have, and the buildings and areas for which those keys provide access. Additionally, the District should have a process to ensure that its records clearly identify whether terminated employees have returned all keys assigned to them.

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

The District is in the process of re-keying the entire District. With this purchase a computer software program is included that will allow the District to maintain an accurate log of key distribution. In addition, each department, will be responsible for maintaining a key distribution log. The District is in the process of revising the key policy to standardize the procedure for handing out keys including a monetary consequence for losing a district key.