

The December 2018 Mesa Unified School District performance audit found that the District needs to strengthen its cash-handling and computer controls, ensure catering revenues cover costs, and consult with legal counsel to determine if its catering program is constitutional. The District's status in implementing the recommendations is as follows:

Status of 8 recommendations

Implemented: 6

Not implemented: 2

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 from the December 2018 report.

Finding 1: District should strengthen cash-handling and computer controls

1. The District should strengthen its controls over cash handling and implement its internal auditors' recommendations, including ensuring that a supervisor conducts timely reviews of all voided transactions for appropriateness, ensuring that all waived fees and fines have documented approval before being processed, and updating its Bookstore Manager Handbook to provide additional guidance on fee/fine waivers.

Implemented at 30 months

2. The District should strengthen its controls over Positive Behavioral Interventions and Supports (PBIS) program tickets to ensure they are appropriately accounted for when using them to purchase items that would typically be paid for with cash, including ensuring that PBIS tickets can be tied to specific transactions and that bookstore deposits include the PBIS tickets students use to make PBIS purchases.

Implemented at 30 months—PBIS program tickets can no longer be used to purchase items from the District's bookstores that typically would be paid for with cash. Instead, students may redeem their PBIS tickets for items that are donated to the PBIS program and maintained by nonbookstore staff at each school.

3. The District should implement and enforce stronger password requirements for its computer network and critical systems.

Implemented at 30 months

4. The District should develop and implement a formal process to ensure that terminated employees have their access to critical systems promptly removed.

Implemented at 12 months

5. The District should review and reduce the number of users with administrator-level access to its critical systems.

Implemented at 30 months

6. The District should create and implement a formal IT contingency plan and test it periodically to identify and remedy any deficiencies.

Implemented at 30 months

Finding 2: District should ensure catering revenues cover costs and that its practice of providing food and beverages at nonstudent events is constitutional

7. The District should ensure that it considers all costs, including labor, utilities, insurance, and equipment-related costs, when determining prices for catering items and ensure that catering revenues cover all related costs.

Not implemented—The District estimated its labor and food costs for preparing each catering item it offers and increased those amounts by 8 percent, which was intended to cover other related District costs such as utilities and insurance. However, the District then arbitrarily added a 33 percent or 50 percent surcharge depending on the group requesting catering services with no evidence of underlying costs to substantiate these surcharges. Further, according to District officials, the District is no longer separately tracking costs related to its catering services and instead now combines them with costs related to the District's regular food service program. As a result, the District is unable to determine if and ensure that the prices it charges now and in the future for catering items generate enough revenue to cover catering-related costs. This is important because if the District is not covering its catering costs, which was the issue during the audit year, it may be subsidizing its catering services with monies that it could use for other District purposes, such as for its instructional program. Similarly, there could be legal and financial implications if the District makes a profit from its catering services. Therefore, the District should track the actual costs and revenues related to its catering services separately from its regular food service program, and the District should ensure that its catering revenues are only covering its costs and be cautious about catering revenues making it a profit.

8. The District should consult with legal counsel to determine if its catering practices are constitutional. If present practices are continued, the District should document the public purpose of providing food and beverages at nonstudent events and whether the public benefits of providing food and beverages at these events outweigh the costs to the District.

Not implemented—In our 12-month follow-up report for this recommendation, we reported that the District had implemented the recommendation because District officials had consulted with legal counsel, which resulted in the District's Governing Board adopting a resolution in April 2019. This resolution authorized the District to provide simple, inexpensive refreshments, such as bottled water and cookies, to parents and community members during parent and community events. The District determined this approach to be beneficial because providing inexpensive refreshments helps to increase parents' attendance and participation, and the public benefit exceeds the costs to provide the inexpensive refreshments. However, on at least 2 occasions during fiscal year 2021 after we issued our follow-up report, the District acted contrary to its adopted Governing Board resolution. Specifically, the District provided on-site boxed lunches to some District employees and contractors, which does not appear to comply with the Governing Board resolution's narrow guidance of providing simple refreshments like bottled water and cookies to parents and community members. Further, a review of the District's website as of September 2021 indicates that the District now offers a menu of catering options and services including breakfast, lunch, and dinner buffets; boxed lunches; party trays; table linens and floral centerpieces; and a variety of beverages that also do not appear to be within the scope of or comply with its adopted Governing Board resolution.