

The November 2020 Mingus Union High School District performance audit found that the District did not ensure all monies that should have been collected through its bookstore were collected and deposited; did not adequately protect its sensitive computerized data; and produced more meals than it served, resulting in an estimated \$32,400 of wasteful spending. We made 9 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 9 recommendations

Implemented	7
Partially implemented	1
No longer applicable	1

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

Finding 1: District did not have support for waiving some student fees and its review did not verify they were approved, thereby not ensuring all monies that should have been collected were collected and deposited, increasing risk of errors and fraud

1. The District should ensure that all monies that should be collected through its bookstore are in fact collected and deposited by:
 - a. Developing and obtaining governing board approval for policies and procedures that provide specific criteria for waiving or reducing student fees for economic hardships in accordance with Arizona Revised Statutes (A.R.S.) §15-342, paragraph 24, and require documented approval of student fee waivers by appropriate District staff.

Implemented at 12 months—The District has established and the governing board has approved specific policies for waiving or reducing student fees. Fee waivers are now based on demonstrating economic hardships in accordance with A.R.S. §15-342, paragraph 24. Additionally, the District now requires that the business manager review, approve, and document approval of all student fee waivers. Our review of 5 student fee transactions that were waived or reduced in September and November 2021 found that all 5 student fee waivers showed approved economic hardship, as well as proper review and approval.

- b. Requiring a second employee to review detailed daily bookstore purchase and fee payment transaction reports, including all printed receipts, cash collection forms, and documented explanations and approvals of any \$0 transactions and reconcile deposits to these reports to verify that all monies that should be collected through the bookstore have been collected and deposited.

Implemented at 12 months—The District now requires a second employee to review bookstore purchases and fee payment transaction reports with all supporting documentation daily. The District also requires that all \$0 transactions on daily transaction reports are supported by printed receipts and documented explanations. Further, the District requires the second employee to review these \$0 transactions to verify that all monies that should be collected through the bookstore have been collected and deposited.

Our review of \$0 transactions on 5 daily transaction reports and 3 deposits for fiscal year 2022 found that the District followed its procedures and an employee, other than the bookstore cashier, reviewed bookstore purchase and fee payment transaction reports daily, including printed receipts, cash collection forms, and documented explanations and approvals of \$0 dollar transactions, and verified that all monies collected through the bookstore had been collected and deposited.

Finding 2: District did not adequately protect its sensitive computerized data, which increased risk of unauthorized access to sensitive information, errors, fraud, and data loss

2. The District should protect its sensitive computerized data by:

- a. Reviewing industry password standards at least annually and implementing and enforcing strong network password requirements consistent with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information.

Implemented at 24 months

- b. Reviewing and reducing the number of users with administrator-level access to its network and student information system to reduce the risk of unauthorized access.

Implemented at 24 months

- c. Limiting users' access in the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to someone outside of the business office.

Partially implemented at 24 months—The District has appropriately transferred administrator-level access to someone outside of the business office. Our November 2022 review of accounting system access levels for the District's 25 users found that all users with administrator-level access were appropriate and no business office employees had administrator-level access. However, 4 users still had more access than they needed to perform their job duties and had the ability to initiate and complete payroll or purchasing transactions without another user reviewing and approving the transactions in the system. Users with this level of access could process false invoices; change employee pay rates, including their own; or add and pay nonexistent vendors or employees without detection. District officials stated that they do not plan to reduce access for these 4 users because they do not want payroll or purchasing functions to be delayed if staff is out or unavailable. District officials also believed that they had sufficient controls outside of the accounting system to prevent errors or fraud. However, the District had enough staff to appropriately limit accounting system access without risking interruptions to purchasing or payroll functions, and granting such broad access increased the District's risk of unauthorized access, errors, and fraud.

- d. Reviewing its IT contingency plan to ensure it is complete, testing it at least annually to identify and remedy any deficiencies, and documenting the results of the test.

Implemented at 24 months

Finding 3: District produced more meals than it served, costing it an estimated \$32,400 in fiscal year 2019

3. The District should reduce meal overproduction by:

- a. Regularly reviewing meal production records and making menu changes based on participation levels and popularity of items.

Implemented at 24 months—Our review of meal production and service records for October and November

2022 found that the District produced only 1 percent more meals than it served, which is much lower than the 13 percent meal overproduction we found during the audit. Compared to the meal overproduction rate from the audit, the District's reduction in the number of meals it produced but did not serve and receive payment or reimbursement for saved the District nearly \$6,100 in October and November 2022. District officials stated that this reduction resulted from food service staff regularly reviewing meal production records to monitor overproduction, reducing the number of lunch options offered daily, and implementing other changes to help increase participation, such as modifying lunch lines to decrease wait times.

- b. Collecting lunch order counts each morning in classrooms and basing meal production on these counts.

No longer applicable—The District collected lunch order counts each morning beginning in October 2019 and continuing through the following month but found that students did not accurately report their lunch intentions. As a result, the District stopped conducting morning lunch counts as a basis for meal preparation. Instead, the District is regularly reviewing meal production and service records and offering fewer meal options to reduce or eliminate meal overproduction, as mentioned in the status explanation for recommendation 3a.

- 4. The District should research practices of other high school food service programs in Arizona and other states and determine and implement practices that would work well with the District's food service program and student population and result in increased meal participation and reduced meal overproduction.

Implemented at 18 months—The District researched alternative food service program practices by contacting several other high school food service programs. As a result of its efforts, the District implemented new practices in fiscal years 2022 and 2023 to increase student participation, such as implementing 2 lunch periods, modifying lunch lines to decrease wait times, and offering grab-and-go breakfasts. Specifically, the District increased its number of lunch periods from 1 period to 2 periods, divided its students between the 2 periods, and modified traffic flow and lunch lines to shorten wait times in lunch lines and increase participation among students willing to order lunch when wait times are shorter. Additionally, the District switched from offering breakfast in the cafeteria to offering more accessible and convenient grab-and-go breakfasts that are prepackaged and offered in strategically placed locations around the school campus. District officials stated that these changes have increased participation and reduced waste, which are supported by the District's meal production records. As mentioned in recommendation 3a, our review of meal production records for October and November 2022 found that the District produced only 1 percent more meals than it served, which is much lower than the 13 percent meal overproduction we found during the audit. The District has also reviewed documentation from the Arizona Department of Education about transitioning to a food service management company in the future. However, District officials stated that they plan on keeping the food service program in-house, at least through fiscal year 2023.