

The November 2018 Bullhead City Elementary School District performance audit found that the District’s lack of oversight led to inadequate accounting, computer, and building access controls; a risk to student safety on school buses; and unclear shared service agreements with a nearby school district. The District’s status in implementing the recommendations is as follows:

### Status of 16 recommendations

Implemented:	10
Partially implemented:	1
Implementation in process:	4
<b>Not implemented:</b>	<b>1</b>

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 November 2018 report.

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### Finding 1: District should strengthen accounting, computer, and building access controls

1. The District should ensure that it requires an independent review and approval for all its purchases prior to the purchases being made and maintains all supporting documentation for purchases, including receipts for any reimbursements or travelers checks provided.

#### Implemented at 12 months

2. The District should strengthen its controls and oversight over fuel card purchases, including verifying that appropriate approvals have been obtained before issuing fuel cards to travelers, ensuring receipts are submitted and include information required by district policy for all purchases, and investigating any charges with missing or incomplete receipts or unusual fuel types.

**Implementation in process**—The District developed a new process since the audit to improve its controls over fuel purchases using district credit cards, including verifying that appropriate approvals have been obtained before issuing fuel cards to travelers, ensuring receipts are submitted after purchases are made, and investigating any charges with missing or incomplete receipts or unusual fuel types. However, according to district staff, the new process does not require documented travel approval to be provided to the accounts payable department to demonstrate that fuel card usage was approved. Further, due to the COVID-19 pandemic, the District has not had an opportunity to demonstrate its new process. According to district officials, the District will revise its process to include providing documented travel approval to the accounts payable department for review before processing payment.

3. The District should implement proper controls over its payroll process to ensure proper separation of responsibilities.

**Implementation in process**—The District has made some changes to its payroll process to ensure a review of information input into the payroll system and help ensure a proper separation of responsibilities. However, some district employees continue to have access in the accounting system, which could allow them to bypass district controls. To compensate, the District is developing a process to require a review of change logs to ensure there are no unauthorized adjustments to employee pay information in the payroll system.

4. The District should ensure that additional duties and related payments are addressed in employment contracts or personnel/payroll action forms, approved in advance of the work being performed, and maintained in employee personnel files.

**Implemented at 30 months**

5. The District should establish and implement procedures to review employee pay to help ensure that employees are paid correctly and rectify any overpayments or underpayments made to employees.

**Partially implemented at 30 months**—The District has developed a new process since the audit that requires an independent review of information, including employee pay rates and hours worked, input into the payroll system, which should help ensure that employees are paid correctly. However, in March 2020, the District's Governing Board decided not to investigate or rectify any overpayments or underpayments made to employees in prior fiscal years.

6. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

**Implemented at 30 months**—The District has substantially corrected classification errors identified during the audit based on our review of fiscal year 2021 expenditures.

7. The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job responsibilities.

**Not implemented**—We reviewed the District's January 2021 accounting system user access and found at least 3 key users at the time still had more access than was necessary to meet their job responsibilities. In July 2021, district officials stated that they had not and will not further reduce access in the accounting system. Instead, district officials stated that they are planning to implement a review of accounting system change logs to ensure there are no unauthorized adjustments in the accounting system.

8. The District should review and reduce the number of users with administrator-level access to its computer network and systems.

**Implemented at 12 months**

9. The District should develop and implement a formal process to ensure that terminated employees have their computer network access promptly removed.

**Implemented at 12 months**

10. The District should create and implement a formal information technology (IT) contingency plan and test it periodically to identify and remedy any deficiencies.

**Implemented at 30 months**

11. The District should implement controls over its process for producing, distributing, and tracking building keys, including maintaining a complete and up-to-date distribution log, establish a process for determining the appropriate access levels for key holders, and implement a user agreement outlining the rules and policies that must be followed regarding the use of district keys.

**Implementation in process**—Since the audit, the District has implemented new controls over its process for producing, distributing, and tracking building keys, including maintaining distributions logs for its sites, and has implemented user agreements outlining the rules and policies that must be followed regarding the use of district keys. However, the District is still in the process of determining the appropriate access levels for custodial staff working with the District through its outside vendor.

## Finding 2: District should improve transportation program oversight

12. The District should develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented in accordance with the State's Minimum Standards.

**Implemented at 12 months**

13. The District should develop and implement procedures to ensure that all bus driver drug test notifications and test results from the testing facility be sent to district employees who are not subject to drug testing.

**Implemented at 12 months**

14. The District should accurately calculate and report to the Arizona Department of Education for state funding purposes miles driven and students transported.

**Implemented at 30 months**

## Finding 3: District should improve oversight of shared service agreements

15. The District should work with Colorado River UHSD to revise its intergovernmental agreements (IGAs) to specify each district's responsibilities, including accurately identifying shared employees and outlining their job duties for each district, and allocating the payment of these employees' salaries and related benefits to appropriately reflect the services provided to each district.

**Implemented at 30 months**

16. The District should work with Colorado River UHSD to develop and implement appropriate procedures for joint purchases and billing practices for shared services and supplies to ensure that items are properly approved and billed. Further, the District should ensure that its IGAs outline these agreed-upon procedures.

**Implementation in process**—In July 2021, the District and Colorado River UHSD signed an IGA that outlines agreed-upon procedures for joint purchases and billing practices for shared service and supplies. However, the District has not yet purchased joint purchases or shared services to be able to demonstrate the process outlined in the IGA.