ARIZONA Auditor General
Making a Positive Difference

Bowie Unified School District
24-Month Follow-Up Report

The April 2021 Bowie Unified School District performance audit found that the District's high teacher turnover and noncompliance with State's online instruction program requirements may have negatively impacted student achievement. In addition, the District spent more on administration, plant operations, and food service than peer districts and did not generate revenues to cover community program costs, likely diverting monies from instruction. We made 30 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 30 recommendations

Implemented	15
In process	4
Not yet applicable	1
Not implemented	**10**

We will conduct a 36-month followup with the District on the status of the recommendations that have not yet been implemented.

Finding 1: District has taken some steps to improve its educational program, but high teacher turnover and noncompliance with State's online instruction program requirements may have negatively impacted student achievement

1. The District should continue to implement steps such as those it took in connection with its school improvement plan or others it deems effective to improve its educational program and student achievement.

   Implementation in process—To improve its educational program and student achievement, the District purchased various new curricula and programs. For example, in fiscal year 2023, the District purchased new English Language Arts and mathematics curricula, a student support program intended to promote academic achievement, and online access to curricula across grades and subjects based on Arizona's academic standards. We will review this recommendation during a future followup when student achievement data is available to determine if the District's efforts to improve its educational program and student achievement are associated with improved student achievement.

2. The District should develop and implement action steps to improve its teacher retention, including such steps as conducting teacher exit surveys and teacher satisfaction surveys to determine reasons teachers would continue working for the District and to address the reasons teachers leave the District.

   Implemented at 24 months—The District updated its previously developed and implemented teacher exit and satisfaction surveys to include questions that are designed to provide feedback to District officials about steps it could take to address the reasons teachers leave the District and improve teacher retention. District officials reported that they use the survey results to identify and provide additional professional development and support that staff indicated are necessary. Further, all the District's fiscal year 2023 teachers signed contracts to return to the District for fiscal year 2024.

3. The District should continue to work with State Board of Education (SBE) to ensure its online instruction program meets State accountability requirements.

   Not yet applicable—Districts participating in Arizona Online Instruction (AOI), such as Bowie USD, must demonstrate that their programs meet certain accountability requirements pertaining to curriculum and educational methodologies among others included in Arizona Revised Statutes (A.R.S.) §15-808. However, according to SBE officials, due to school closures resulting from the COVID-19 pandemic, SBE paused its review of school district AOI programs. SBE officials reported in May 2023 that SBE had not evaluated Bowie USD's AOI program to determine whether it meets AOI accountability requirements because SBE has not resumed evaluating existing AOI programs since it paused these reviews. We will evaluate the District's efforts to implement this recommendation after SBE has assessed the District's AOI program.

Finding 2: District spent over $255,800 more on administrative staff than peer districts–monies that it could have spent on instruction or other District priorities

4. The District should reduce its administrative spending by:

a. Assessing its administrative staffing levels and determining how to reduce to levels similar to its peer districts' averages.

Implemented at 24 months—The District reduced its administrative staffing level to approximately 3 FTE positions in fiscal year 2023 from 3.5 FTE positions in fiscal year 2021 by combining the principal and superintendent positions into a single position. Our review of the District's staffing levels showed that this is similar to its peer districts' average administrative staffing level. Additionally, the District's administrative spending per student decreased 23 percent between the audit year and fiscal year 2022.

b. Assessing its administrative salary levels and determining how to reduce to levels that are similar to those of its peer districts' averages.

Not implemented—The District has not evaluated its administrative salary levels as compared to its peer districts. Our analysis of the District's fiscal year 2022 spending on administrative salaries and benefits found that the District spent 24 percent more on administrative salaries and benefits than its peer districts averaged. By not evaluating its administrative salary levels to reduce its administrative spending, the District is spending monies that it could use for other District priorities, such as instruction or teacher salary increases.

Finding 3: District spent more on plant operations than peer districts due to higher plant staffing and operating schools substantially below designed capacities, which resulted in inefficient spending of at least $121,200

5. The District should eliminate inefficient plant operations spending by:

a. Assessing its plant operations staffing levels and reducing to levels similar to its peer districts' averages.

Not implemented—According to District officials, it assessed its plant staffing level needs and does not believe that it can maintain its facilities with fewer than approximately 2 FTE, and has adjusted District staffing to meet that staffing level through attrition. However the District could not provide documentation supporting its staffing analysis and, despite reducing its staffing, the District's spending on plant salaries and benefits increased by 24 percent between the audit year and fiscal year 2022.

b. Assessing its excess capacity and reducing it by closing space.

Not implemented—Similar to during the audit, the District continues to maintain excess capacity. Specifically, in fiscal year 2023, the District used 20 percent of its capacity, which is similar to the 18 percent capacity that it used during the audit. At its May 2021 public meeting, the District's Governing Board (Board) discussed whether to close 1 of the District's 2 schools; however, there were no motions to vote on whether to close any of its schools and no discussion on other options for reducing excess capacity. As of May 2023, District officials indicated the Board did not intend to close any schools, and the District will continue to operate all its space.

6. The District should determine whether it really needs the space where repairs are needed before accepting and spending BRG (building renewal grant) monies to fix deficiencies.

   Not implemented—As indicated in Recommendation 5b, in May 2021, the District's Board discussed whether to close 1 of the District's 2 schools and decided not to close the school. Soon after, at its August 2021 meeting, the Board voted to have repairs made to the high school's roof using BRG monies. As of May 2023, District officials stated the Board does not intend to close any schools and the District has continued to accept BRG monies for school facility repairs, including more than $43,000 in BRG monies in fiscal year 2023.

Finding 4: Some District food service practices likely diverted monies away from instruction or other District priorities

7. The District should charge students correct meal prices based on their National School Lunch Program (NSLP) reimbursement category and accurately report to ADE the number of meals by price category that it serves.

   Implemented at 24 months—We reviewed 5 randomly selected students that purchased lunches in fiscal year 2023 and found that the District charged all 5 students for meals using the same NSLP reimbursement category as indicated on free and reduced-price meal applications. Further, we reviewed the District's March 2023 meal records and determined the District had reported to ADE the correct number of meals by reimbursement category based on what the District recorded in its meal tracking system.

8. The District should have classroom teachers take morning counts of students intending to purchase lunch in the cafeteria each day and report these counts to cafeteria staff, so they know how many meals to prepare or implement some other process that minimizes the number of wasted meals.

   Implemented at 24 months—In fiscal year 2022, the District began collecting daily morning counts of students intending to purchase lunch in the cafeteria. We reviewed a sample of 4 days of morning counts collected from students and compared them to the District's lunch production records and found that the District produced a similar number of lunches to what students requested during the morning counts. As a result, the District decreased its waste to less than 1 percent of prepared meals for the 4 days we reviewed.

9. The District should maximize its use of available United States Department of Agriculture (USDA) food allotments, determine whether it should increase available freezer space to accommodate additional USDA food, and obtain additional freezer space, as appropriate.

   Implementation in process—As we reported in the previous 18-month followup, District officials indicated that they expanded freezer space in anticipation of requesting USDA food allotments. Additionally, the District's account for requesting USDA commodities is now active and the District reported it plans to order USDA food allotments for fiscal year 2024.

10. The District should charge full price for any second meals that it serves students.

    Implemented at 18 months—In January 2023, the District implemented a policy to no longer serve second meals to students and notified all District staff of this change. Additionally, as discussed in recommendation 8, as part of the 24-month followup, we reviewed a sample of food service records and did not identify any instances where the District served a second meal.

Finding 5: District did not generate revenues to cover costs for community preschool program and swimming pool use, and entered an inequitable cost-sharing agreement and paid for inaccurate charges, resulting in the loss of thousands of dollars

11. The District should determine whether it should continue offering community preschool and, if it does, charge student tuition or obtain grants or donations that cover the costs of operating the program.

Implemented at 6 months—The District stopped operating its community preschool programs in March 2020 because of no enrollment, and at its April 2021 meeting, the District's Board formally voted to end its community preschool program.

12. The District should determine whether it should continue to operate a community pool during the summer and, if it does, operate it in a self-supporting manner by implementing options such as charging entrance fees, collecting donations, or partnering with the Town of Bowie to cover the costs of the pool's summer operation.

Implemented at 6 months—At its April 2021 meeting, the District's Board formally voted to stop operating its community pool because it was not safe to operate, did not comply with the Americans with Disabilities Act, and was operating at a loss.

13. The District should thoroughly oversee all IGAs it enters with other school districts by ensuring the agreements are equitable to the District, that it is not inequitably paying costs associated with the IGAs, and that it is receiving any payments or equipment it is due upon termination of such agreements.

Implemented at 6 months—The District has entered a new student athletics IGA with a neighboring district. As part of the IGA, the District pays for its students to participate in the neighboring district's student athletics program on a per student, per semester basis. Additionally, this IGA does not include any provisions for the District to receive payments or equipment upon termination of the agreement.

14. The District should have its Governing Board decide whether to work with its attorney to determine if the District can still collect monies or sports equipment due to it from the termination of the sports program IGA with the other district.

Implemented at 18 months—At its July 2022 public meeting, the District's Board voted to donate the sports equipment associated with its previous IGA to the other district with which it had the IGA. The District determined that it had the authority under State law to donate this equipment to the other district and determined that the anticipated cost of selling the equipment equaled or exceeded the estimated market value of the equipment.[1]

15. The District should require other districts that are charging it for services to provide detailed invoices with explanations of charges.

Not implemented—The District has continued the IGA with another school district for on-site psychological, speech and language, counseling, physical therapy, and special education services for its students. The District does not receive detailed invoices for these services nor has it required the other district to provide it with detailed invoices. District officials stated that they do not need detailed invoices based on the contract, which they explained is a flat fee for the services. However, we reviewed available IGA documentation and found that the agreement includes language that requires the district providing services to either charge or refund Bowie USD's quarterly deposits depending on the actual services provided to the District. Without detailed invoices for services, Bowie USD is unable to determine whether any refunds or additional charges are necessary and appropriate based on the actual services provided by the other district.

16. The District should track services it receives in connection with its IGAs, and compare them to invoices for accuracy prior to paying the invoices.

Not implemented—In fiscal year 2023, the District implemented a process that requires on-site psychological, speech and language, counseling, physical therapy, and special education service providers to sign in and out when providing services at the District. Although the District tracks the times when service providers are on site, that information is not being regularly reviewed to ensure the District is receiving services as agreed upon in its IGA. Further, the District does not use the information to compare to detailed invoices for accuracy because, as indicated in Recommendation 15, the District does not receive detailed invoices from its service providers.

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[1] A.R.S. §15-342(18).

Finding 6: District's lack of compliance with important requirements and standards put public monies and sensitive information at an increased risk of errors, fraud, and unauthorized access

17. The District should separate responsibilities over payroll processing among more than 1 employee so that no employee is responsible for preparing, authorizing, and distributing payments without an independent or supervisory review.

Implementation in process—According to the District, it updated its payroll process to separate responsibilities among more than 1 employee so that no employee is responsible for preparing, authorizing, and distributing payment without an independent or supervisory review. Our review of a sample of payments to 5 District employees for a pay period in April 2023, found that there was evidence of more than 1 employee involved in the payroll process, including supervisory review of payments made to the employees. However, our review also identified that 1 employee was paid $450 more than their contracted amount for the pay period, despite evidence of supervisory review and approval, indicating that although District made updates to its review process, employees responsible for reviewing may not have been completing reviews thoroughly enough to ensure that payroll was processed accurately. We will reassess District staff's compliance with its updated payroll procedures at the 36-month followup.

18. The District should separate responsibilities over credit cards among more than 1 employee so that no employee can make purchases, record the purchases in the District's accounting system, reconcile purchase receipts to credit card statements, and issue payments to the credit card companies without another employee's independent review and approval.

Not implemented—The District reported that it separated responsibilities over its credit cards among more than 1 employee and no employee can complete a credit card transaction without another employee's independent review and approval. However, our review of February through March 2023 credit card transactions did not include any record of who reconciled credit card purchases to monthly statements. Without this information, the District cannot demonstrate that the employee reconciling credit card purchases to monthly statements is different from the employee making, recording, and issuing payment for purchases. Additionally, absent this information, the District cannot demonstrate that credit card purchases are being reconciled to monthly statements. Further, our sample of District credit card purchases made between February and March 2023 found that 1 purchase was improperly made before a purchase requisition was created and approved.

19. The District should pay credit card balances in full each billing cycle and make timely payments to avoid late fees and finance charges.

Implemented at 18 months—The District reported that it now pays off all credit card balances each billing cycle and does not carry balances that incur fees or finance charges. Our review of 3 statements from July through September 2022 found that the District made timely payments and did not incur late fees or finance charges.

20. The District should implement additional procedures to help ensure employees follow required purchasing procedures, including additional training or penalties for repeat offenses, among other options.

Implementation in process—The District reported that it changed its purchasing process since the previous 18-month followup, and that it provides one-on-one trainings on the District's purchasing process to staff as they become involved with the purchasing process. The District further reported that staff review purchasing policies and procedures with employees who begin employment after the beginning of the school year. However, our review of 10 fiscal year 2023 purchases found that 1 purchase had no evidence of supervisory approval prior to the purchase being made.

21. The District should ensure that athletic event ticket sellers accurately record the tickets they sold and total cash they collected and have another employee independently review this documentation to verify that all cash collected and deposited accurately reflects the number of tickets sold.

Implemented at 18 months—Although the District entered into a new IGA with a neighboring school district for student athletics and no longer sells athletic event tickets (see Recommendation 13), the District's Future Farmer of America (FFA) club continues to host events for which it sells tickets. Our review of 2 FFA events in November and December 2022 found that the District's FFA club recorded the number of tickets sold and cash collected and that another employee independently reviewed this documentation to verify that all cash collected and deposited matched the number of tickets sold.

22. The District should implement additional procedures to help ensure that employees who collect cash deposit it at the business office within 1 day of collection, as required by District policy. Additional procedures may include additional staff training or penalties for repeat offenses, among other options.

Implemented at 24 months—According to District officials, when District administration approves school clubs to host events or sell items, it now reminds club sponsors that any monies collected must be turned in the next business day. Our review of 3 events held between February and April 2023 found that for all 3 events, the club deposited the cash with the District's business office within 1 business day after collection.

23. Classify all transactions in accordance with the Uniform Chart of Accounts for school districts to ensure it accurately reports its spending.

Implemented at 24 months—We reviewed the District's fiscal year 2023 expenditures and found that it had largely corrected the coding errors we identified during the audit and in subsequent followups.

24. The District should accurately record and report to ADE, for transportation funding purposes, the miles it drove in connection with its student transportation program, as well as the actual number of eligible students it transported.

Not implemented—The District created a transportation log that is kept in each District vehicle for the purpose of tracking the number of miles, number of riders, and purpose of each trip taken. However, we reviewed these logs for August 2022 through April 2023 and found that District staff did not always complete the logs correctly. For example, we identified errors such as missing required information and odometer readings that did not have the correct number of digits based on previous recordings, which could cause the District to report incomplete or incorrect information to ADE.

25. The District should limit accounting system users' access to only those functions needed to perform their job duties.

Not implemented—Our review of a May 2023 accounting system report found that 4 users—1 more user than we identified in the previous 18-month followup—have more access than needed to perform their job duties and can initiate and complete a transaction without an independent review and approval. As a result, the District continues to increase its risk for errors and fraud.

26. The District should remove administrator-level access to its accounting system from any employee in its business office and provide that access instead to an employee or authorized person outside of the business office, such as an IT administrator or employee.

Implemented at 6 months

27. The District should implement and enforce SIS password requirements that meet credible industry standards.

Implemented at 6 months

28. The District should implement additional procedures to ensure that terminated employees have their student information system (SIS) and accounting system access promptly removed to reduce the risk of unauthorized access.

Not implemented—The District has developed and implemented a checklist showing items to be completed for terminated employees, including removing their access to the accounting system and SIS. However, our May 2023 review of the District's active accounting system and SIS users found that 1 terminated employee still had an active SIS user account nearly 4 months after their termination date. As a result, the District continues to increase the risk for unauthorized access to its systems and sensitive information.