

The December 2022 Young Elementary School District performance audit found that the District had higher administrative costs than peer districts and spent unauthorized monies on its community preschool program, and its lack of compliance with important standards and requirements put public monies and sensitive information at risk. We made 12 recommendations to the District, and its status in implementing the recommendations is as follows:

## Status of 12 recommendations

Not implemented

12

In January 2024, we sent a letter to the Arizona State Board of Education (State Board) notifying it that Young Elementary School District had not corrected its deficiencies with the *Uniform System of Financial Records for Arizona School Districts* (USFR) based on our review of the corrective action plan the District submitted to us.<sup>1,2</sup> Additionally, after our review of the District's corrective action plan, the District did not respond to 5 requests we made seeking information and documentation regarding its progress toward implementing the 12 recommendations we made in our December 2022 performance audit report. Absent the District's response to our requests for information, we were unable to independently assess the District's efforts to implement these recommendations. As a result, we have listed all 12 recommendations as not implemented. We will conduct an 18-month followup with the District on the status of the recommendations that have not yet been implemented. However, if the District again fails to provide documentation to support its efforts to implement any of the outstanding recommendations, we will again be unable to assess if it has made progress toward implementation.

### Finding 1: District spent \$264,000 more on administration than peer districts in fiscal year 2020 and \$21,600 of unauthorized monies on its community preschool program in fiscal year 2021 that it instead could have spent on instruction or other District priorities

1. The District should monitor its administrative spending and identify and implement ways to reduce it, including by specifically assessing its administrative staffing and salary levels.  
**Not implemented**—Despite repeated requests and inconsistent with its statutory responsibilities, the District failed to provide a response and supporting documentation related to its efforts to implement the recommendations we made to the District in our December 2022 audit report. As a result, we were unable to assess this recommendation's implementation status for the initial followup.
2. The District should determine whether it should continue offering its community preschool program and, if it does, charge fees or student tuition rates and/or obtain grants or donations that cover the costs of operating the program consistent with statute and Arizona Attorney General opinion No. 182-136.

<sup>1</sup> See Young Elementary School District—Notice to the State Board of Education—Not in Compliance with the *Uniform System of Financial Records for Arizona School Districts* (USFR), issued January 5, 2024.

<sup>2</sup> The Arizona Auditor General and the Arizona Department of Education developed the USFR pursuant to Arizona Revised Statutes §15-271. The USFR requirements are based on the Arizona Constitution, Arizona Revised Statutes, Arizona Attorney General Opinions, and the Codification of Governmental Accounting and Financial Reporting Standards in federal law. The USFR and related guidance prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District’s noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.

## **Finding 2: District did not always use prenumbered receipts or ensure all cash collected was deposited in a timely manner, possibly resulting in lost cash and increasing risk of errors and fraud**

3. The District should help ensure its staff members comply with USFR requirements to safeguard cash by:
  - a. Developing and implementing written cash-handling policies and procedures over cash collection, deposit, and review.

**Not implemented**—See explanation for recommendation 1.
  - b. Using and preparing sequential prenumbered receipts for all cash received.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District’s noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.
  - c. Maintaining evidence for all cash deposits.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District’s noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.
  - d. Reconciling cash receipts to cash deposits.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District’s noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.
  - e. Establishing a process for depositing cash at least weekly. If the District cannot always timely deposit cash, it should establish a process for documenting exceptions to the requirement with guidelines and required secondary approvals.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District’s noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.
  - f. Providing training on USFR cash-handling requirements and its District cash-handling policies and procedures to all employees involved in cash collection, deposit, and review.

**Not implemented**—See explanation for recommendation 1.

## **Finding 3: District’s excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access, errors, fraud, and data loss**

4. The District should limit 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.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District’s noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.

5. The District should develop and implement a process to assign new users appropriate access in the accounting system, a process to change employees' access if their assigned duties change, and a process to periodically review users' access to help ensure employees' have only the access necessary to accomplish their job duties.

**Not implemented**—See explanation for recommendation 1.

6. The District should immediately remove all network accounts associated with terminated employees and develop and implement a process to ensure that terminated employees have their access promptly removed.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District's noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.

7. The District should develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy any deficiencies and document the test results.

**Not implemented**—See explanation for recommendation 1. Additionally, this recommendation was identified as a deficiency contributing to the District's noncompliance with the USFR. As previously discussed, in January 2024, we notified the State Board that the District had not corrected its USFR deficiencies.