

The Buckeye Elementary School District performance audit was released in a series of 2 reports. The first report (Report 21-208) focused on the District’s efficiency and effectiveness in administration, plant operations and maintenance, food service, and transportation. The second report (Report 22-202) focused on 1 aspect of administration—executive administration spending, and particularly the superintendent’s salary and benefits package—due to concerns identified during our audit. Report 1 of 2 found that the District had higher electricity and water costs than peer districts, and the District’s lack of compliance with important requirements and standards put public monies and sensitive information at risk. We made 14 recommendations to the District in the first report, and its status in implementing the recommendations is as follows:

**Status of 14 recommendations**

Implemented	7
Partially implemented	1
In process	3
<b>Not implemented</b>	<b>3</b>

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

**Report 1 of 2**

**Finding 1: District’s plant operations and maintenance spending was 18 percent more per square foot than peers’, with higher spending on electricity due to disadvantageous solar contract terms and water and sewage due to higher water usage and cost per gallon**

1. The District should consult with its legal counsel to determine whether it can negotiate a lower per kilowatt hour rate for solar energy and either modify or terminate its contract.

**Implemented at 24 months**—In January 2024, the District and its solar contractor amended the terms of the solar contract to modify the energy rates. Specifically, the amended contract fixed the rate the District will pay for solar energy at \$0.13 per kilowatt-hour (kWh) for the duration of the contract. Prior to this contract amendment, the District’s per kWh rate increased by 3.5 percent annually, and the District most recently paid for solar energy at a rate of \$0.1752 per kWh. If the \$0.13 per kWh rate had been in place for fiscal year 2023, the District would have saved approximately \$200,000, or 24 percent of its solar energy costs that year.

2. The District should work with its solar power systems vendor to either decrease the size of its solar power systems, connect them to meters that have a usage level more in line with each system’s output, or find some other means to reduce the amount of excess solar power its systems produce to decrease the amount of monies the District loses from excess solar kilowatt hour produced by its solar power systems.

**Partially implemented at 24 months**—The District works with a utility management consultant to monitor and manage its electricity costs, including the costs specific to the solar power systems. According to the consultant’s data, the District had reduced its total solar power produced by 9.5 percent and saved 6.3 percent in total solar

production costs for the period of July 2022 through March 2023 as compared to July 2021 through March 2022. As indicated in recommendation 1, the District amended the contract with its solar vendor. During negotiations to amend the District's contract with its solar vendor, the District sought to require its solar vendor to provide it a credit at the end of each calendar year to effectively reduce the amount it paid for excess solar power to \$0.04 per kWh; however, the vendor did not accept this term, and similar to during the audit, the District is required to pay the same rate for all solar power generated by its solar power systems.

3. The District should review its water usage and rates to determine how they can be reduced and implement usage and rate reduction methods.

**Not implemented**—The District's utility management consultant provides information quarterly to the District on its water usage and costs, including trends and abnormal usage occurrences, and provides feedback on potential changes the District could make to use water more efficiently. District officials reported in February 2024 that the District has been following and will continue to follow its consultant's recommendations to use reclaimed water and perform daily monitoring of water levels, but the District has been unable to find a way to significantly reduce costs while also ensuring that grounds are appropriately maintained. Based on the consultant's data, the District's fiscal year 2023 water usage was nearly 16 percent higher than the audit year, fiscal year 2019, and costs had increased over \$51,000, or 10.6 percent.<sup>1</sup>

## **Finding 2: District's lack of compliance with important requirements and standards put public monies and sensitive information at an increased risk of errors, fraud, unauthorized access, and data loss**

4. The District should review its purchasing policies and procedures with appropriate staff and monitor that they follow them to ensure that:
  - a. All purchases and payments are independently reviewed and approved by authorized District officials prior to the purchases being made.

**Implementation in process**—As reported in the previous 12-month followup, the District developed a process that requires purchasing staff to attend an annual training to review the District's purchasing policies and procedures. Additionally, the District requires staff who make purchases without the required prior authorization to take additional training and complete a form documenting how the noncompliance with the District's purchasing policies occurred, how the noncompliance could have been avoided, and acknowledging the potential consequences of continued noncompliance with the District's purchasing policies (see explanation for recommendation 5). The completed forms are to be reviewed and signed by the employee's supervisor. The District provided purchasing training in July and August 2023 to staff responsible for making purchases. However, between August 2023 and February 2024, the District identified 18 instances of purchases being made without the required prior authorization. Consistent with its procedures, the District required the employees responsible for making these purchases to take additional purchasing training and complete the previously discussed form. We will review the District's continued efforts to implement this recommendation in the 36-month followup.

- b. Vendors are paid only after authorized District employees verify that all purchases have been received and billings are accurate.

**Implemented at 12 months**

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<sup>1</sup> June 2019 and June 2023 were not included in the comparisons because June 2023 data was not available at the time of the consultant's analysis. Additionally, 1 of the District's schools was excluded from the comparison because it opened in August 2021 and, therefore, did not have fiscal year 2019 water usage data.

5. 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**—As reported in Recommendation 4a, the District’s processes require annual training for purchasing staff and additional training for staff who do not comply with the District’s purchasing policies. District officials provided documentation of 18 purchases it identified that staff made without obtaining prior authorization between August 2023 and February 2024, and all the employees who made the 18 purchases without authorization had completed additional training, consistent with the District’s policies. The District’s procedures also require employees who made purchases without prior authorization to complete a form documenting how the identified noncompliance occurred and the steps they would take to prevent the same noncompliance in the future. The form also requires the employee to acknowledge the potential consequences of continued noncompliance with the District’s purchasing policies, such as the employee being required to personally pay for the purchase and/or having their District employment terminated. Although the completed forms should be reviewed and signed by the employee’s supervisor, we found that for 8 of 18 forms we reviewed, the forms were not signed by the employee, their supervisor, or both.<sup>2</sup> By not ensuring staff follow its purchasing procedures and processes when it identifies unauthorized purchases, the District increases its risk that employees may continue making purchases without prior authorization. We will review the District’s continued efforts to implement this recommendation in the 36-month followup to determine whether the District’s efforts have helped ensure employees follow required purchasing procedures.

6. The District should limit users’ access in the accounting system to only those accounting system functions needed to perform their job duties, including removing the administrator-level access from the business office employee.

**Implemented at 24 months**—Our February 2024 review of users’ access for all active users in the District’s accounting system found that the District had removed all accounts with inappropriate administrator-level access. Additionally, the District has limited users’ access and implemented additional controls to ensure no user is able to complete transactions without another employee reviewing and approving the transactions.

7. 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 ensure employees have only the access necessary to accomplish their job duties.

**Implemented at 24 months**—As reported at the previous 12-month followup, District officials reported that the District had developed a new process for assigning accounting system access to new employees and employees who change job duties as well as a process to review users’ access for current employees every 6 months to ensure employees have only the access necessary to accomplish their job duties. Based on our February 2024 review of users’ access for all active users in the District’s accounting system, we found District officials appeared to be appropriately identifying accounts requiring changes or removal.

8. The District should review and reduce the number of users with administrator-level access to its network, and develop and implement a process to periodically review users with administrator-level access to ensure it is necessary for their job duties.

**Implemented at 12 months**

9. The District should review industry password standards at least annually and implement and enforce strong network password requirements to decrease the risk of unauthorized persons gaining access to its network and disrupting operations.

**Implemented at 24 months**—As reported in the previous 12-month followup, the District developed a new policy to review industry password standards annually and implemented and enforced stronger network password requirements. Our August 2023 review of the District’s password requirements found the District’s password requirements appear to follow credible industry standards.

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<sup>2</sup> Of the 8 forms we identified with missing signatures, 6 forms were not signed by the employees’ supervisors, 1 form was not signed by the employee who made the unauthorized purchase, and 1 form was not signed by either the employee who made the unauthorized purchase or their supervisor.

10. The District should immediately disable or remove all network and accounting system accounts associated with terminated employees and review and adjust its process to ensure that terminated employees have their access promptly removed.

**Not implemented**—District officials indicated that it had disabled all network and accounting system accounts associated with terminated employees and adjusted the process to ensure that terminated employees have their access promptly removed. However, our August 2023 review of 6 network user accounts not associated with a current District employee found that 5 accounts were associated with terminated employees and should have been removed, including 2 accounts that were also identified in the previous 12-month followup. Additionally, our August 2023 review of 90 accounting system accounts identified 4 accounts associated with terminated employees.

11. The District should require all employees to participate in a security awareness training if they have not done so in the past year.

**Not implemented**—The District uses an online platform to provide mandatory security awareness training to District employees. The deadline for all District employees to complete the training for fiscal year 2024 was October 31, 2023. However, our review of the District's completion report for its required security awareness training in November 2023 found that only 522 of 804, or 65 percent, of the District's employees had completed the training by the required deadline. When we asked the District about this issue, District officials indicated that the remaining employees would complete the required training by December 1, 2023. We reviewed the District's updated security awareness training completion report in February 2024 and found that 72 District employees still had not completed the training or had not completed it within 90 days of hire, as required.

12. The District should establish and implement a District policy to conduct security awareness training on a regular basis, at least annually.

**Implemented at 24 months**—In its October 2023 meeting, the District's governing board voted to approve updates to District policy requiring new staff to complete security awareness training upon hire and requiring all staff to complete security awareness training annually.

13. The District should review its IT contingency plan to ensure it is complete; test its plan at least annually to identify and remedy any deficiencies, which should include testing the District's ability to restore electronic data files for critical systems from backups; and document the test results.

**Implementation in process**—District officials reported that it updated its IT contingency plan and will test it at least annually to identify and remedy any deficiencies. However, our review of the documentation provided by the District found that the District's IT contingency plan continues to lack critical components, including the key aspects of identification, priority, and assignment of critical systems; a detailed list of individuals and their respective roles and responsibilities; and procedures for restoration of critical assets during a disaster.