



## BABOQUIVARI UNIFIED SCHOOL DISTRICT

P.O. Box 248  
Sells, Arizona 85634

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### GOVERNING BOARD

JUAN C. BUENDIA  
President

KATHLEEN VANCE  
Clerk

SYLVIA HENDRICKS  
Member

ELLAMAE GREASEWOOD  
Member

ANAMARIE STEVENS  
Member

### SUPERINTENDENT

Rubén Díaz

#### VISION:

Our students will be loved, encouraged, and prepared to take on the world, by embracing our Himdag.

#### MISSION:

We create Healthy  
Inspiring, Motivating  
Developing Achieving  
Graduates.

#### OUR PURPOSE

We create a nurturing learning environment for every child, everyday; with an additional commitment to support our Himdag.

July 15, 2024

Lindsey Perry  
Arizona Auditor General  
2910 N 44th St, Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry,

Baboquivari Unified School District has received and reviewed the FY 2022 and 2023 Performance Audit Report and has responded accordingly. Baboquivari USD will proceed with the recommendations provided.

The District's administration and Governing Board is committed to implementing the recommendations provided and will continue to work on improving the systems in place to reinforce processes and procedures.

Baboquivari USD appreciates the audit team's professionalism through this process and looks forward to sharing our ongoing progress.

Please find the District's responses to the findings and recommendations below.

Kind Regards,

Ruben Diaz,  
Superintendent

**Audit scope limitation:** District failed to maintain transportation records, limiting the scope of our review of school bus and fleet vehicle maintenance, inspection, and mileage documentation and procedures, and increasing its risk of undetected student safety concerns, fraud, waste, and misuse.

**Recommendation 1:** Develop and implement policies and procedures to ensure that school buses are maintained in accordance with Minimum Standards including such things as establishing preventative maintenance requirements and maintaining records documenting activities such as required preventative maintenance and pre- and post-trip safety inspections.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: There have been policies and procedures established in the past. Due to employee turnover the policies and procedures were not enforced, however, this department has now been outsourced since September 2023 and the district has been working closely with the contracted vendor to ensure the district is in compliance and the policies and procedures are being followed. As of July 1, 2024, BUSD has adopted FMX as the platform to manage our transportation assets.

**Recommendation 2:** Develop and implement policies and procedures for managing its fleet vehicles in accordance with the USFR, such as requiring vehicles to be used only by authorized personnel and for authorized purposes, and requiring vehicle usage and the purpose of travel be documented and monitored.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Finding 1:** District spent nearly \$500,000 and significant staff time traveling for training and conferences, but travel expenditures did not always comply with State requirements and may not have provided intended benefits.

**Recommendation 3:** Develop and implement travel policies and procedures to minimize travel expenditures in accordance with SAAM, such as limiting participation at conferences to the fewest number of District personnel necessary to accomplish its objectives, opting to use more cost-effective alternatives such as virtual meeting attendance, and ensuring travel expenses do not exceed maximum allowable amounts.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The business office was aware and questioned the excessive costs for travel/training; however, the superintendent at the time dismissed the concerns and preceded with the conference arrangements.

**Recommendation 4:** Develop and implement procedures to ensure the District obtains and documents appropriate approvals in advance of making conference and related travel purchases, as required by the USFR the District policy.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 5:** Develop policies and procedures to ensure the District complies with the State Constitution's gift clause, such as documenting the public purpose and benefit the public is to receive in return for the cost of travel and sending personnel to conferences.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 6:** Develop and implement procedures to ensure the District follows its policy to obtain prior approval from its grants director for allowability of costs under grants.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 7:** Develop and implement procedures that include a review of District employee and Governing Board member travel reimbursement requests to ensure reimbursement are paid only for authorized charges in accordance with District policy and SAAM.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 8:** Consult with legal counsel and seek reimbursement, as appropriate, for staff and Board members for travel expenses overpaid or not authorized under the District's travel policy.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: We will consult with legal counsel, but are not sure if the District will be successful in obtaining reimbursement from travel that occurred 2 fiscal years ago.

**Finding 2:** Contrary to State open meeting laws, District held Governing Board meetings out of town, where they were not easily accessible to the public.

**Recommendation 9:** Discontinue holding special meetings and Board retreats outside of the District's boundaries, which is contrary to the State open meeting laws and an unnecessary expense to the District.

District Response: The finding is agreed to, and a different method of dealing with the finding will be implemented.

Response explanation: The District's superintendent will work with its Governing Board to determine the appropriateness of out of town meetings. If meetings are held out of

town, it will ensure that the public has access via livestream or other alternative methods.

**Recommendation 10:** Consult with legal counsel and the Arizona Attorney General's Office to ensure that any District actions taken contrary to open meeting laws are appropriately addressed to be made valid and the appropriate timeframe that should be reviewed for such actions.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Finding 3:** District operates schools far below capacity and spends a substantial amount to maintain and operate facilities reducing monies available for other District priorities.

**Recommendation 11:** Evaluate how its allocates and uses space at its school to identify and implement options to more efficiently use its facilities and reduce costs, which could include consolidating schools or programs.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: The Governing Board and District Administration have tried different configurations throughout the years related to making grade level adjustments at different sites. The district boundary encompasses the Tohono O'odham Reservation which is 2.8 million acres. As a rural district located on Federal lands, BUSD will always have higher costs associated with transportation costs and facilities costs. The district will continue to assess ways in which to become more efficient related to facilities and reducing costs.

**Recommendation 12:** Analyze its expenditures for operating and maintaining its facilities to determine how monies are being spent, and identify and implement costs savings measures to redirect monies to other Direct priorities, such as instructions.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

Response explanation: Baboquivari Unified School District has been actively seeking additional funding to update and maintain our facilities. In the last two years, BUSD has been recipient of over 10 million dollars from the Arizona School Facilities Board. 100% of these monies have gone into updating our school facilities. The challenges that our rural district faces is not enough electives, extracurricular activities, or enrichment activities for our students, as compared to inner city communities. Our schools are the heart of the community. It is our district responsibility to create opportunities to educate the whole child so that they can be competitive with students across the country once they leave our system. To do so, additional JTED and Impact Aid Funding goes to fund electives, JTED program, and after school programs. To operate such programs additional rooms have to be assigned. Some of these programs include STEM, robotics, music, art, photography, culture, culinary, automotive, welding, filming, and more. Some of these programs are part of the Kinder-6<sup>th</sup> grade. Large districts have the numbers to account for the entire program. Our rural district, with a lot less students, has to be

creative to provide an equitable rich program that is competitive with what is available to inner city students.

**Finding 4:** District lacked important internal controls in various areas, limiting transparency, potentially compromising student safety, and increasing the risk for payment errors and unauthorized purchases.

**Recommendation 13:** Develop and implement procedures to ensure District employees and Governing Board members complete conflicts-of-interest disclosure forms upon hire or the beginning of their terms and annually thereafter in accordance with District policy.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 14:** Develop and implement a process to timely review completed conflict-of-interest disclosure forms to identify and remediate disclosed conflicts of interest to comply with District policies and State conflict-of-interest laws.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 15:** Develop and implement a process to ensure that all required personnel have a valid fingerprint clearance card, including monitoring and regularly reviewing and confirming the validity of employees' fingerprint clearance cards.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 16:** Develop and implement written policies and procedures for payroll that include a thorough secondary review to verify the accuracy of personnel pay.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 17:** Identify and correct underpayments made to all current employees from fiscal year 2022 to the present, including the underpayments we identified.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 18:** Develop and implement processes for overseeing and enforcing the District's credit card use policy, such as updating the policy to require that credit card users repay the District for unsupported charges on its cards and limiting or revoking card privileges when credit users do not comply with the District's policy.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Finding 5:** District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to its network and sensitive information, error, fraud, and data loss.

**Recommendation 19:** Implement and enforce strong password requirements that align with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive Direct information and disrupting operations.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 20:** Develop and implement policies and procedures to review the District's password standards against industry password standards at least annually.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 21:** Ensure all District devices are compatible with the District's endpoint management system and monitored by IT personnel.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 22:** Protect its sensitive computerized data by limiting users' access to its accounting system and student information system to only those functions needed to perform their job duties, including removing the business office employee's full access.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 23:** Develop and implement written policies and procedures to assign and periodically review accounting system access for employee accounts to ensure they have access to only those accounting system functions needed to perform their job duties.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 24:** Immediately disable or remove all unnecessary user accounts in its network and implement a review and process to ensure network access is removed immediately when an employee is terminated.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 25:** 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 deficiencies and document the test results.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 26:** Develop and implement written policies and procedures to limit physical access to sensitive IT equipment to only appropriate personnel, including produces for distributing, tracking, and collecting keys, and requiring employees to sign agreement outlining their responsibilities for securing IT areas.

District Response: The finding is agreed to, and the audit recommendation will be implemented.