

RESULTS

The Arizona Auditor General engaged Sjoberg Evashenk Consulting, Inc. to conduct a performance audit of Seligman Unified School District, pursuant to Arizona Revised Statutes §41-1279.03(A)(9), and determine the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements. We found that the District did not comply with key requirements for financial and operational controls, including accounts payable, credit cards, cash handling, payroll, procurement, travel reimbursements, and information technology security. These deficiencies increased the risk of errors, fraud, and improper payments and weakened the District's ability to safeguard public resources.

AUDIT PURPOSE

To assess the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements.

BACKGROUND

Seligman Unified School District is a rural school district located in Yavapai County and was responsible for the education of 187 students in fiscal year 2024. The District has 2 schools providing education services for students in kindergarten through 12th grade.

KEY FINDINGS

- Insufficient internal controls—The District lacked internal controls over several areas, including cash handling, purchasing, and credit cards, which put public monies at increased risk of fraud and misuse.
- Deficient payroll processes—One employee was responsible for processing payroll with little management oversight, and amounts paid to some District employees were not always supported or allowable, increasing the risk of unauthorized or inaccurate salary payments.
- Potential student safety and District liability risks—The District did not require employees who use their personal vehicles for District business, which may include transporting students, to submit proof of a valid driver license and automobile insurance.
- Information technology security weaknesses—Excessive user access to sensitive data, the lack of cybersecurity awareness training, and other issues increased the risk of unauthorized access and data loss.
- Failure to follow conflict-of-interest requirements—Governing Board members did not submit conflict-of-interest forms, 2 employees did not disclose conflicts on their forms as required, and the District did not provide annual conflict-of-interest training to staff and Board members.

KEY RECOMMENDATIONS

The District should:

- Implement strong financial controls—Implement written procedures and staff training to ensure compliance with Board policies and the USFR relating to cash handling, purchasing, credit card use, travel reimbursements, and procurement to prevent improper payments, errors, and fraud.
- Enhance payroll safeguards—Limit user access to payroll systems, implement independent reviews, and establish controls to prevent improper salary payments.
- Reduce student safety risks and District liability for accidents involving personal vehicles—Require all drivers who transport students for District-approved activities or who use their personal vehicles for District business to provide a valid driver license and proof of automobile insurance.
- Bolster IT security measures—Restrict system access, regularly review user permissions, and provide cybersecurity awareness training to protect sensitive District data.
- Ensure compliance with conflict-of-interest disclosure requirements—Require conflict-of-interest disclosure forms to be completed annually and establish a process for reviewing and remediating any disclosed conflicts.