



**SELIGMAN UNIFIED SCHOOL DISTRICT #40**

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*"Home of the Seligman Antelopes"*

July 21, 2025

Nicole Dyer  
Sjoberg Evashenk Consulting  
455 Capitol Mall, Suite #700  
Sacramento, CA 95814

Dear Mrs. Dyer,

Please accept Seligman Unified School District's response to the performance audit that has already been completed. The administration and governing board accept the findings, and have already implemented most of the recommendations and will continue to diligently work to implement the remaining recommendations.

Seligman Unified School District is committed to providing the best quality education for our students and be accountable and transparent in this endeavor. We are a small district and have had challenges due to turnover in staff, administrative guidelines and workload. We have developed direct and detailed business operations policies and procedures and have implemented these and have seen a tremendous positive outcome.

Thank you for your information and feedback you have provided.

Sincerely,

Wanda Burton  
Superintendent

**Finding 1:** The District lacked sufficient internal controls in most business and financial operational areas, increasing risk of errors, loss, and improper payments.

District Response: The finding is agreed to.

Response explanation: The District has been working diligently to develop and implement internal controls in order to ensure adequate control and compliance. The current administration including superintendent, business manager and registrar have developed and implemented specific written procedures to ensure internal controls are in place in all business, financial and operational areas to provide accountability, transparency and efficiency.

**Recommendation 1:** Review, update, and/or develop and implement written procedures that align with Board-approved policies and State requirements for cash handling, purchasing, travel expenditures and reimbursement, procurement and credit card use and oversight.

District Response: The audit recommendation will be implemented.

Response explanation: The District has developed and implemented a Business Operations Policies and Procedures Manual detailed guide to all District staff of the significant policies and approved procedures to ensure proper internal controls, segregation of duties and efficient operations that comply with District Policies and state regulations and requirements. The Manual covers all areas of operations including revenue, cash procedures, expenditure procedures, procurement, competitive purchasing and documentation, credit card use and procedures, travel expense procedures and policies, Conflict of Interest Disclosures, payroll processing procedures, tax credit allowable expenses and procedures, gifts and donations, bank reconciliations, student enrollment and attendance, student activities procedures and policies. This Manual will be used also to train employees in proper procedures and policies.

**Recommendation 2:** Develop and provide training to staff responsible for cash handling, purchasing, travel expenditures and reimbursement, procurement, and credit card use and oversight procedures; and document the training provided.

District Response: The audit recommendation will be implemented.

Response explanation: Training has been developed to train staff responsible for cash handling, purchasing including procurement rules and regulations, travel expenses and reimbursement procedures, credit card use, including proper check out and in of all credit cards and oversight. The training of staff is scheduled during on-boarding in-service and training sign in sheets will be collected to document staff participation.

**Recommendation 3:** Develop and implement written supervisory oversight procedures for monitoring and reviewing cash handling, accounts payable processes and purchase order overages, travel expenditures and reimbursements, procurement activities, and credit card custody and use to ensure compliance with USFR requirements and Board policies.

District Response: The audit recommendation will be implemented.

Response explanation: The District has developed the Business Operations Policies and Procedures Manual and we have had limited office employees and turn over that makes adequate segregation of duties and training difficult. We currently are working on hiring an additional office employee to ensure adequate segregation of duties and all employees will be trained on the proper required procedures to ensure compliance with USFR requirements and Governing Board policies and adequate control over procedures. These items include cash handling and monitoring, account payable processes including purchase requests, purchase orders, payment procedures including travel reimbursements, procurement procedures, credit card purchase procedures including user agreements, check out procedures and safe-keeping of all credit cards to ensure responsible and appropriate use of credit cards. The Manual details the duties and responsibilities and the oversight and approval requirements to ensure compliance with district policies and state procedures.

**Recommendation 4:** Prepare and maintain evidence of receipt for all cash received, such as sequential, pre-numbered receipts, and reconcile deposits to cash collection documentation to ensure all cash received was appropriately deposited.

District Response: The audit recommendation will be implemented.

Response explanation: The duties of receiving, depositing and recording revenues shall be segregated among employees. Pre-numbered sequential cash receipts are prepared by the Administrative Assistant for receipts received in the District Office, after the cash received is verified by one other person, cash collection documentation including detailed documentation that reconciles to sales, etc. is forwarded to Registrar (for student activities and auxiliary functions) or to the Business Manager (for transmittal to the County School Office for deposit with County Treasurer). Bank/county deposits are verified and initialed by Administrative Assistant or Receptionist upon receipt of verification of deposit.

**Recommendation 5:** Ensure cash is deposited at least weekly, and daily when amounts are significant.

District Response: The audit recommendation will be implemented.

Response explanation: Procedures have been implemented that ensure that deposits are made at least weekly with adequate internal controls and recording of timely deposits. All employees have been made aware of this requirement. It will be continually monitored throughout the year to ensure compliance.

**Recommendation 6:** Ensure cash is immediately safeguarded in a locked drawer or cash register and that any cash not deposited on the same day as received is secured in a safe or locked cabinet with access limited to only District employees who require access.

District Response: The audit recommendation will be implemented.

Response explanation: Cash received is secured in the office vault. Use and access of the vault shall be limited to appropriate office personnel until it is deposited at the bank.

**Recommendation 7:** Change the safe combination when an employee with access to it leaves the District or no longer requires access because of changes to job responsibilities.

District Response: The audit recommendation will be implemented.

Response explanation: The Office Vault combination was changed on 12-10-2024 with only appropriate District Office employees having access to the vault. The vault door is closed during the day and only appropriate Office Employees are allowed access to the vault.

**Recommendation 8:** Ensure that purchase orders or requisitions are obtained and approved prior to making purchases, including those made with credit cards; any purchase order overages beyond the initial approved amount receive secondary approval; and the receipt of goods or services is verified before payments are made.

District Response: The audit recommendation will be implemented.

Response explanation: Purchase orders shall be prepared for all District expenditures. The Business Operations Policies and Procedures Manual specifies requirements and employee responsible for each duty. Every purchase for supplies or services shall have a completed requisition form. Purchase requisitions shall be approved by physical signature, through ERP system or demonstrated through email correspondence by the Superintendent. The approval documentation shall include all required paperwork including quotes, detailed items, etc. Approved purchase requisitions are submitted to the Business Manager for preparation of a purchase order. All overages are required to be approved by the Superintendent prior to payment. A warehouse has been implemented to ensure proper delivery and documentation of goods before payment is issued. Service invoices also need to be verified and approved by Superintendent or Department Head.

**Recommendation 9:** Ensure that all credit card users annually sign a user agreement that is kept on file with the District and receive training on the District's credit card policies and procedures prior to using District credit cards.

District Response: The audit recommendation will be implemented.

Response explanation: The District authorized district employees to purchase goods or services using school district credit card. The Business Manager is responsible for Cardholder agreements and safeguarding of check out procedures for credit cards. District provided credit cards shall only be used to purchase appropriate District goods or services as defined in the USFR and District policy. A District authorized purchase order shall be obtained prior to all credit card purchases. Credit card training and signed credit card user agreement will be held annually at the on-boarding orientation and documentation of such training will be maintained by the Business Manager.

**Recommendation 10:** Maintain complete and accurate credit card logs that include enough information to track possession of the cards and the purchase order associated with the card's use.

District Response: The audit recommendation will be implemented.

Response explanation: Each credit card is secured in a locked cabinet in the Business Manager's office. Credit cards will be checked out through the business manager after

appropriate approved paperwork and purchase order has been issued. Credit cards that have been checked out will be documented with name of employee, date picked up, date returned and receipt of purchased items. Credit cards that have been checked out will be in the custody of the employee who checked them out and will be returned to the District Office as soon as possible after the purchase.

**Recommendation 11:** Ensure that the District maintains evidence to support all credit cards transactions, such as properly authorized purchase orders prior to purchases and itemized receipts or invoices to ensure purchases are authorized and allowable.

District Response: The audit recommendation will be implemented.

Response explanation: The District authorized district employees to purchase goods or services using school district credit card. The Business Manager is responsible for Cardholder agreements and safeguarding of check out procedures for credit cards. District provided credit cards shall only be used to purchase appropriate District goods or services as defined in the USFR and District policy. A District authorized purchase order shall be obtained prior to all credit card purchases. Credit card training and signed credit card user agreement will be held annually at the on-boarding orientation and documentation of such training will be maintained by the Business Manager.

**Recommendation 12:** Ensure that the District maintains evidence to support travel expenditures, such as documentation of prior approvals, completed travel claim forms, and itemized receipts; and that payments for travel expenses and reimbursements are based on current SAAM rates.

District Response: The audit recommendation will be implemented.

Response explanation: Procedures have been implemented to limit travel required by job duties. Travel expenses shall only be reimbursed if a purchase requisition is completed and approved by the Superintendent prior to travel. Upon completion of the travel, a Travel Expense Claim Form shall be completed and submitted to the Business Manager within 30 days of the travel return. Completed Travel Expense Form must be completed and all information provided along with supporting documentation including training/conference brochure, receipts, mapping information detailing mileage, etc. Business Manager will review information, claim amounts based on current SAAM rates and forward to the Superintendent for review and approval.

**Recommendation 13:** Maintain complete procurement files to ensure compliance with the USFR, Arizona Administrative Code and Board-approved policies.

District Response: The audit recommendation will be implemented.

Response explanation: The District shall seek to maximize value to the extent practicable for each transaction. The District shall seek competitive bids or quotations for all purchases in accordance with the requirements of USFR, district policies and state requirements. The Business Operations Policies and Procedures Manual details the Procurement Policies for the District in accordance with District Policy and state required established guidelines. To ensure open competition results in the maximum value for each expenditure, the District shall obtain and maintain written files to ensure

compliance with procurement rules and regulations, including written quotations, bids, bid lists, purchase determination and Governing Board approval as needed.

**Recommendation 14:** Ensure employees responsible for classifying expenditures review the USFR's Uniform Chart of Accounts for school districts for changes at least annually and implement its guidance to accurately account for and report the District's spending.

District Response: The audit recommendation will be implemented.

Response explanation: Updated USFR Chart of Account coding information is downloaded and maintained each year by the Office Staff –Business Manager/Registrar responsible for coding in the accounting system. Periodic checks are completed to ensure proper coding is being maintained.

**Recommendation 15:** Review mileage reimbursements made between fiscal years 2023 and 2024 to determine whether the correct SAAM rate was used to calculate payments, and recalculate and remit any underpayments to affected District employees.

District Response: The audit recommendation will be implemented.

Response explanation: Business Manager will download or update SAAM rates and review employee reimbursements made in FY 2023 and FY2024 to verify rate used to reimburse employees was correct and remit any underpayments to employees who were affected.

**Finding 2:** District paid administrators and staff additional amounts that were unsupported by District policy, employment agreements, or other approvals, and did not separate payroll duties, contrary to the USFR.

District Response: The finding is agreed to.

Response explanation: District policies have been updated and approved by Governing Board so that all payments for staff are clearly documented and approved to ensure that proper documentation is being maintained to support all employee agreements, extra duty contracts, etc.

**Recommendation 16:** Develop and implement written payroll processes and review procedures to ensure staff consistently comply with USFR and District policies, such as requirements for all payments to be supported, approved, and documented; and train District employees responsible for payroll processing, approval, and review on these procedures.

District Response: The audit recommendation will be implemented.

Response explanation: Business Operations Policies and Procedures Manual details the duties and procedures for payroll to ensure accuracy and segregation of duties. The Superintendent will ensure that salary and wage schedules for all positions are approved by the Governing Board. The Superintendent will recommend personnel changes, hires, changes, etc. as needed to ensure updated and accurate pay rates are used for all

employees. Personnel hires, pay rates, additional duty pay rates, etc have been approved by the Governing Board for the FY26 year.

**Recommendation 17:** Separate payroll processing responsibilities as required by the USFR. If separating duties is not possible due to limited staff size, develop and implement compensating controls, such as additional management reviews.

District Response: The audit recommendation will be implemented.

Response explanation: Employee rates and/or contract amounts are entered into the accounting program by the Business Manager. The Registrar reviews and verifies the amounts entered and document the accuracy. Administrative Assistant will enter leave, hour adjustments, etc. into the time clock system. All time clock adjustments must be filled out by the employee and approved by their supervisor before submitting to the Administrative Assistant for adjustment in the time clock system. Business Manager receives the employee work logs and leave forms. Review for completeness and accuracy and upload the data into the ERP system payroll module. Once entered into the system, the Business Manager generates and reviews a verification report for accuracy and completeness. The Registrar reconciles system generated payroll reports to time sheets, leave slips and contract amounts. Reviews for accuracy and any discrepancies are noted and resolved. Upon completion of the completed accurate payroll report it is forwarded to the Business Manager for final review. Superintendent receives the completed payroll voucher and reviews for reasonableness and accuracy. The payroll voucher is forwarded to the Governing Board for review and approval.

**Recommendation 18:** Review the health insurance fringe benefits included in the business manager and superintendent contracts, and any other employment contract with similar benefits, and clarify language related to the Board's intent in providing these benefits and what is required to substantiate the amount the District would pay.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work with the District Attorney to make changes to required contracts for superintendent, business manager and maintenance supervisor to clarify language required to provide benefit as was intended to comply with IRS regulations. Governing Board approval will be documented to ensure accuracy, accountability and transparency.

**Recommendation 19:** Identify payments for fringe benefits, such as health insurance stipends, longevity pay, and accumulated leave payouts made to District employees in fiscal years 2023 and 2024 and determine whether they were appropriate; seek reimbursement for any amounts the District determines were not allowable. Consult with legal counsel as needed when making these determinations.

District Response: The audit recommendation will be implemented.

Response explanation: The Governing Board has ratified and approved health insurance additional pay, longevity pay and accumulated payouts and updated policies to reflect the intentions of contracts and payments. The District will work with legal counsel to ensure amounts are allowable and clearly approved and identified.

**Finding 3:** District did not require proof of insurance for employees using personal vehicles for District business, including transporting students, which may increase risks to student safety.

District Response: The finding is agreed to.

Response explanation: The District will require employee to attach copy of Driver's License and Proof of Insurance when using personal vehicle for District business.

**Recommendation 20:** Work with its Board to establish and implement a policy requiring all drivers who transport students for District-approved school activities or who use their personal vehicles for District business to provide proof of a valid driver's license and automobile insurance that meets minimum liability limits.

District Response: The audit recommendation will be implemented.

Response explanation: The District currently requires all employees who wish to use a District vehicle to complete online required training and to provide a driver record from ADOT. The District prohibits staff from transporting students in personal vehicles but will require a copy of proof of insurance for employees using personal vehicles for other District business.

**Finding 4:** The District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, data loss, and fraud.

District Response: The finding is agreed to.

Response explanation: The District has developed procedures to ensure access to information is appropriate and necessary. The Superintendent identifies employees' need for access and employee's account termination. A third party has been contracted to monitor access, unauthorized access, any data loss or fraud. The District will monitor and review user reports to ensure appropriate access is maintained.

**Recommendation 21:** Develop and implement IT policies and procedures to specify user access levels by job function and responsibility and to conduct periodic reviews of user accounts to verify that access levels are appropriate, including for accounting system functions, and any unnecessary accounts, such as those for terminated employees or vendors, are disabled.

District Response: The audit recommendation will be implemented.

Response explanation: User access reports are reviewed at least annually by the superintendent and business manager to ensure that user access level is appropriate to job function and responsibility and terminated employees' access has been disabled.

**Recommendation 22:** Establish and implement procedures for IT system oversight, including assigning oversight responsibilities for network management and security, and requiring



reviews of accounting system and network activity so that potentially malicious or fraudulent activity can be detected in a timely manner.

District Response: The audit recommendation will be implemented.

Response explanation: The District has contracted with a third party to maintain IT system oversight, network management and security and reviews of all systems to review any activity that may be malicious or fraudulent. The accounting system activity is reviewed by the Superintendent to prevent or identify malicious, inaccurate or fraudulent activity so that it can be identified and resolved timely.

**Recommendation 23:** Review and adopt the February 2025 updated District IT contingency plan, ensuring it meets all USFR requirements and credible industry standards, and test the plan at least annually to identify and remedy any deficiencies and document the test results.

District Response: The audit recommendation will be implemented.

Response explanation: The District IT contingency plan has been updated and reviewed by Third Party Company and disaster plan has been tested and approved. The District IT plan will be reviewed and updated annually to ensure plan is meeting all requirements and remedy any deficiencies.

**Recommendation 24:** Provide cybersecurity awareness training to employees at least annually and document their participation.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented cybersecurity training requirements for all staff at least annually and documenting the training as complete by certificate of course pass.

**Finding 5:** Board members and 2 District employees did not comply with conflict-of-interest requirements and recommended practices.

District Response: The finding is agreed to.

Response explanation: Conflict of Interest training is held annually for Board Members and all employees prior to August 15<sup>th</sup> of each year, or at the time of hire or appointment. Employees and Board Members will be required to fill out Conflict of Interest Disclosure Forms. The Business Manager will review all Conflict of Interest Disclosure Forms to determine if there is a potential or apparent conflict of interest. If no conflict is noted, the forms will be filed. If the employee or Governing Board member indicated a potential conflict, the business manager maintains the form at the front of the file and reviews conflicts. Received the Conflict of Interest Disclosure Statement for any current District vendors, notates the conflict in the vendor maintenance record in the ERP system. If not a current District vendor, reviews the separate file for view as vendors are created in the ERP system. If any exist, reviews for any involvement of the employee or Governing Board Member. If no involvement is noted, then the employee and/or board member is notified to continue to refrain from partaking in any purchase. If involvement in the process is notated,

then the Superintendent is notified of the conflict to determine if a stop payment and/or cancellation of the purchase should occur. Employees who knowingly do not disclose potential conflict of interest will be subject to disciplinary action.

**Recommendation 25:** Ensure compliance with State laws governing conflicts of interest by requiring Board members and employees to complete conflict-of-interest disclosure forms annually and when new potential conflicts of interest arise.

District Response: The audit recommendation will be implemented.

Response explanation: Conflict of Interest training is held annually for Board Members and all employees prior to August 15<sup>th</sup> of each year, or at the time of hire or appointment. Employees and Board Members will be required to fill out Conflict of Interest Disclosure Forms.

**Recommendation 26:** Develop and implement a process to review conflict-of-interest forms to identify disclosed interests and take necessary action to remediate them, such as notifying the Board when conflicts relating to agenda items exist to ensure affected Board members or employees refrain from participating in decisions relating to their interests.

District Response: The audit recommendation will be implemented.

Response explanation: The Business Manager will review all Conflict of Interest Disclosure Forms to determine if there is a potential or apparent conflict of interest. If no conflict is noted, the forms will be filed. If the employee or Governing Board member indicated a potential conflict, the business manager maintains the form at the front of the file and reviews conflicts. Received the Conflict of Interest Disclosure Statement for any current District vendors, notates the conflict in the vendor maintenance record in the ERP system. If not a current District vendor, reviews the separate file for view as vendors are created in the ERP system. If a current District vendor, searches the ERP system for any open purchase orders. If any exist, reviews for any involvement of the employee or Governing Board Member. If no involvement is noted, then the employee and/or board member is notified to continue to refrain from partaking in any purchase. If involvement in the process is notated, then the Superintendent is notified of the conflict to determine if a stop payment and/or cancellation of the purchase should occur. Employees who knowingly do not disclose potential conflict of interest will be subject to disciplinary action. The Superintendent and Governing Board President will be notified of any identified Conflict of Interest to ensure Board Members refrain from participating in potential conflict decisions.

**Recommendation 27:** Develop and provide periodic training to employees and Board members on the requirements for complying with conflict-of-interest laws, including the need to describe their substantial interests on disclosure forms and to refrain from participating in any decision, contract, sale, purchase, or service for which they or a close relative have a substantial interest; and document the training provided.

District Response: The audit recommendation will be implemented.

Response explanation: The Business Manager will review all Conflict of Interest Disclosure Forms to determine if there is a potential or apparent conflict of interest. If no conflict is noted, the forms will be filed. If the employee or Governing Board member

indicted a potential conflict, maintains the form at the front of the file and reviews conflicts. Received the Conflict of Interest Disclosure Statement for any current District vendors, notates the conflict in the vendor maintenance record in the ERP system. If not a current District vendor, reviews the separate file for view as vendors are created in the ERP system. If a current District vendor, searches the ERP system for any open purchase orders. If any exist, reviews for any involvement of the employee or Governing Board Member. If no involvement is noted, then the employee and/or board member is notified to continue to refrain from part taking in any purchase. If involvement in the process is notated, then the Superintendent is notified to the conflict to determine if a stop payment and/or cancellation of the purchase should occur. Employees who knowingly do not disclose potential conflict of interest will be subject to disciplinary action. The Superintendent and Governing Board President will be notified of any identified Conflict of Interest to ensure Board Members refrain from participating in potential conflict decisions.