

RESULTS

The Arizona Auditor General engaged Sjoberg Evashenk Consulting, Inc. to conduct a performance audit of Yucca Elementary 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 in financial and operational controls, including accounts payable, 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. The audit also found that inadequate fiscal recordkeeping limited the scope of the review, increasing the risk of undetected fraud, waste, and misuse.

AUDIT PURPOSE

To assess the District's efficiency and effectiveness in 3 operational areas—administration, plant operations and maintenance, and food service—and its compliance with certain State requirements. The District does not have any transportation spending.

BACKGROUND

Yucca Elementary School District is a rural school district located in Mohave County and was responsible for the education of 32 students in fiscal year 2023. The District has 1 school providing education services for students in kindergarten through 8th grade.

KEY FINDINGS

- **Scope limitation and inadequate controls over financial processes**—The District failed to maintain complete fiscal records for petty cash, cash receipts, and accounts payable, increasing the risk of fraud and misuse.
- **Weak oversight of payroll, purchasing, and procurement**—One employee performed all payroll duties, increasing the risk of unauthorized payments; and the District lacked prior approval for some purchases, justification for expenditures, and a process to ensure competitive procurement practices.
- **Failure to follow conflict-of-interest requirements**—Governing Board members did not submit conflict-of-interest forms and 1 employee was involved in matters involving her substantial interests.
- **Travel reimbursement and safety concerns**—Some employee travel reimbursements were incorrect and the District did not ensure staff using personal vehicles for school business were licensed and insured.
- **Information technology security weaknesses**—Excessive user access and the lack of a disaster recovery plan and other security controls increased the risk of data loss, errors, and fraud.

KEY RECOMMENDATIONS

The District should:

- **Implement strong financial controls**—Ensure proper recordkeeping for all financial transactions; separate duties and/or implement compensating controls to prevent errors and fraud; implement independent reviews and management oversight; and train staff.
- **Strengthen purchasing and procurement oversight**—Develop written procedures for purchasing approvals, competitive procurement, and documentation retention.
- **Mitigate conflicts of interest**—Establish procedures to review conflict-of-interest forms and to ensure that Board members and employees avoid becoming involved in matters that involve their substantial interests.
- **Address travel reimbursement and safety concerns**—Ensure travel reimbursements are preapproved and accurate and drivers using personal vehicles for school business are licensed and insured.
- **Bolster IT security measures**—Restrict system access, implement multifactor authentication, and establish a disaster recovery plan to protect sensitive District data.