

## Buckeye Elementary School District

### 36-Month Followup of Report 21-208

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The December 2021 Buckeye Elementary School District performance 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.

#### District's status in implementing 14 recommendations

Implementation status		Number of recommendations
	Implemented	10 recommendations
	Partially implemented	4 recommendations

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the District's efforts to implement the recommendations from the December 2021 report.

# Recommendations to the District

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## **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.

► Status: **Implemented at 24 months.**

In January 2024, the District and its solar contractor amended the terms of the solar contract to modify the rates the District pays for solar energy. 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% 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% 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.

► Status: **Implemented at 36 months.**

The District continues to work with a utility management consultant to monitor and manage its electricity costs, including the costs specific to the solar power systems, and has taken steps to reduce its power production and related costs. According to the consultant's data, the District had reduced its total solar power produced by 9.5% and saved 6.3% in total solar production costs for the period of July 2022 through March 2023 as compared to July 2021 through March 2022. Additionally, as indicated in recommendation 1, the District amended the contract with its solar vendor to eliminate annual price increases. During the District's negotiations with its solar vendor, the District also sought to require the vendor to provide a credit at the end of each calendar year to effectively reduce the amount the District pays for excess solar power to \$0.04 per kWh but was unsuccessful.

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

► Status: **Partially implemented at 36 months.**

The District receives regular reports about its water usage, and it has taken steps to use water more efficiently on its campuses, but its water costs per square foot continue to be substantially higher than its peers'. As reported in the previous 24-month

followup, the District works with a utility management consultant who provides quarterly information about water usage and costs, including trends and any abnormal usage. The consultant also provides feedback on potential ways the District could use water more efficiently. Between fiscal years 2019 and 2024, we found that the District reduced its spending relative to the same group of peer districts used during the audit by 15%, but it still spent 78% more for water per square foot than these peers averaged.

In fiscal year 2025, the District took some additional steps to further reduce its water usage, including monitoring water usage to identify leaks and updating equipment to reduce water loss due to leaks. To cover a portion of the costs for these equipment updates, the District applied for and was awarded approximately \$77,500 from a water conservation grant. Additionally, the District is in the process of implementing reclaimed water systems to help provide outdoor irrigation at 2 of its 8 schools. As of June 2025, the reclaimed water systems were not yet operational, and the District did not have an expected date for when they would become operational.

## **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.

► Status: **Implemented at 36 months.**

The District has established procedures and staff training to ensure purchases are reviewed and approved in advance and has developed processes for identifying and addressing noncompliance. As reported in the previous 12- and 24-month followups, the District began requiring purchasing staff to attend annual training on the District's purchasing policies and procedures. Additionally, the District requires staff who make purchases without the required prior approval to take remedial 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).

Consistent with these requirements, the District provided purchasing training in July and August 2024 to staff with purchasing responsibilities. Additionally, we reviewed 27 forms completed by staff documenting noncompliance with the District's purchasing policies and found that the forms were complete and had been signed by the employees' supervisors. Between September 2024 and February 2025, the District identified 11 instances where staff made purchases without the required prior approval, including 1 purchase by an employee who had not attended either

purchasing training session. 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.

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

▶ Status: **Implemented at 12 months.**

- 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.

▶ Status: **Partially implemented at 36 months.**

As reported in recommendation 4a, the District requires annual training for purchasing staff and remedial training for staff who do not comply with the District's purchasing policies, but it has not taken action to effectively address repeated noncompliance. As discussed previously, the District identified 11 purchases staff made without prior approval between September 2024 and February 2025. We found that at least 5 of these purchases were made by employees who had previously completed the remedial training for past noncompliance and had signed forms acknowledging the possible consequences for continued noncompliance. However, the District had not taken additional action against these employees for their repeated noncompliance.

By not ensuring that staff follow its purchasing procedures and processes, the District increases its risk that employees may continue making purchases without prior approval. District officials reported they continue to look for opportunities to improve compliance, such as sending out staff bulletins that include information about noncompliant purchases and potentially providing purchasing training to additional staff.

- 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.

▶ Status: **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.

▶ Status: **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.

▶ Status: **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.

▶ Status: **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.

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.

▶ Status: **Partially implemented at 36 months.**

Although District officials reported that all network and accounting system accounts associated with terminated employees were disabled and that it has a process for promptly removing access when employees leave the District, continued work is needed. Our review of network accounts associated with employees terminated between February 2022 and February 2025 identified 6 active network accounts associated with terminated employees. We also reviewed all 108 accounting system accounts as of February 2025 and did not identify any that were 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.

▶ Status: **Implemented at 36 months.**

The District has established a requirement for all employees to complete annual security awareness training by October 31 each year, or within 90 days for midyear hires, and has taken steps to ensure that staff meet the requirement. We reviewed the District's

documentation, including its October 2024 security awareness training report, and found that 99% of the 760 employees we identified who had been assigned to take the training had completed it.

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

▶ Status: **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.

▶ Status: **Partially implemented at 36 months.**

The District updated its IT contingency plan and tested it in August 2024, but our review of the District's updated contingency plan found that it continues to lack 2 components credible industry standards consider critical. Specifically, the current plan does not identify some critical systems and establish the order for restoring them following a disaster. Without this information, the District may not be fully prepared to respond to a disaster event resulting in system outages.