



Tonto Basin Elementary School District #33

Mrs. Barbara Warren, Superintendent

Home of the Wranglers

September 3, 2025

Mr. George Skiles, Partner
Sjoberg Evashenk Consulting, Inc.
455 Capitol Mall-Suite 700
Sacramento, CA 95814
(916)443-1300

Dear Mr. Skiles,

Tonto Basin Elementary School District #33 has received and reviewed your auditor's FY2024 Performance Audit Report. Upon review of the report, the district agrees with the findings and recommendations.

The district will continue to work on implementing the recommendations provided and hope to be in total compliance moving forward. Given our school's special situation and stature, all informative information and guidance is helpful.

Thank you for your patience and understanding as we transition into all the new changes. If you have any questions, please feel free to reach out to us anytime.

Sincerely,

Barbara Warren,
Superintendent/Principal

Finding 1: The District lacked sufficient internal controls over several business and operational areas, increasing the risk of errors, fraud, and improper payments.

District Response: The finding is agreed to.

Response explanation: New procurement policies implemented.

Recommendation 1: Develop and implement written procedures and a supervisory review process to ensure that purchase orders or requisitions are obtained and approved in advance of purchases being made, including purchases made with credit cards.

District Response: The audit recommendation will be implemented.

Response explanation: New procurement policies implemented.

Recommendation 2: Develop and require annual training for responsible employees about the District's purchasing and accounts payable policies, procedures, and processes and related USFR requirements, and document the training provided.

District Response: The audit recommendation will be implemented.

Response explanation: Business Office will attend more annual training and seminars.

Recommendation 3: Establish procedures for tracking possession of the District's credit card and ensuring that all card users have a signed user agreement on file with the District and have been trained on the District's credit card policies and procedures prior to using any District credit card.

District Response: The audit recommendation will be implemented.

Response explanation: New employee file checklists have been updated.

Recommendation 4: Develop and implement procedures, including supervisory oversight processes, to ensure compliance with USFR requirements and District policies related to cash-handling and bank reconciliations, and train District employees and others with cash-handling responsibilities on these procedures.

District Response: The audit recommendation will be implemented.

Response explanation: District will utilize the USFR requirements and procedures.

Recommendation 5: Prepare and maintain evidence of receipt for all cash received, such as sequential, prenumbered 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: Policies and procedures have been reviewed, updated and set in place.

Recommendation 6: Ensure cash is deposited at least weekly, and daily when amounts are significant.

District Response: The audit recommendation will be implemented.

Response explanation: Policies and procedures have been reviewed, updated and set in place.

Recommendation 7: Determine whether the District will continue to process electronic payments and, if so, identify an appropriate payment platform and develop robust procedures that ensure payments, processes, and documentation comply with all USFR cash-handling requirements.

District Response: The audit recommendation will be implemented.

Response explanation: USFR requirements and procedures have been set in place.

Recommendation 8: Establish procedures to collect and retain all procurement-related documentation for District and cooperative agency contracts, such as purchase orders, contracts, cooperative agreements, requests for proposals, due diligence forms, and any other relevant documentation to ensure compliance with the USFR, Arizona Administrative Code, and Board-approved policies.

District Response: The audit recommendation will be implemented.

Response explanation: New procurement policy has been implemented.

Recommendation 9: 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: New Chart of accounts has been reviewed and printed for reference.

Finding 2: The District made improper or erroneous payments to some employees and did not ensure all payments were reviewed and approved, putting public monies at an increased risk of waste, fraud, and misuse.

District Response: The finding is agreed to.

Response explanation: Policies and procedures have been reviewed and updated for accuracy.

Recommendation 10: Clarify its policy for accumulated leave payouts and establish procedures that specify the process for requesting and approving for these types of payments, including steps to ensure any requests for accumulated leave payouts are in accordance with employment contract provisions and payments are calculated correctly.

District Response: The audit recommendation will be implemented.

Response explanation: District is reviewing contracts for better accuracy on processing calculations.

Recommendation 11: Review leave buyouts paid to District employees during fiscal year 2024 to ensure amounts paid align with contract provisions and make corrections where appropriate.

District Response: The audit recommendation will be implemented.

Response explanation: Policies and procedures are being reviewed and will be implemented for accuracy

Recommendation 12: Develop and implement procedures for payroll staff and supervisors to follow to ensure payroll and overtime payments are properly approved, documented, and allowable in accordance with the USFR and District policies, and train District employees responsible for processing and approving payroll on these procedures.

District Response: The audit recommendation will be implemented.

Finding 3: The District inaccurately reported riders and miles to ADE for State funding purposes and lacks a process to ensure reports are correct.

District Response: The finding is agreed to.

Response explanation: District has reviewed and corrected policies and procedures for better accuracy.

Recommendation 13: Annually review ADE's most recent transportation guidance and develop and implement written procedures for preparing and reviewing transportation funding reports to ensure the number of route miles traveled and riders transported are accurately calculated and reported to ADE for State funding purposes.

District Response: The audit recommendation will be implemented.

Response explanation: District has reviewed and modified policies and procedures for better accuracy.

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, errors, fraud, and data loss.

District Response: The finding is agreed to.

Response explanation: The District will work on new procedures for better security of sensitive information.

Recommendation 14: Establish and implement policies and procedures for promptly disabling user accounts when employees and contractors no longer work for the District,

conduct periodic audits of all user accounts to identify and remove inactive or unnecessary accounts, and designate personnel responsible for monitoring user accounts and ensuring compliance with industry best practices and the USFR.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work on new procedures for better security of sensitive information.

Recommendation 15: Develop and implement a policy to standardize user access levels by job function and a process to regularly perform, at least annually, detailed user account reviews to ensure network and accounting system access is necessary and appropriate.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work on new procedures for better security of sensitive information.

Recommendation 16: Establish and implement procedures for collecting and monitoring logs of accounting system activities to enable the District to track transactions and to detect potentially malicious or fraudulent activity in a timely manner.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work on new procedures for better security of sensitive information.

Recommendation 17: Implement comprehensive authentication controls for users accessing critical IT systems.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work on new procedures for better security of sensitive information.

Recommendation 18: Require and 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 will work on new procedures for better security of sensitive information.

Recommendation 19: 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 any deficiencies and document the test results.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work on new procedures for better security of sensitive information.