




# Baboquivari Unified School District

## Initial Followup of Performance Audit Report 24-210

The July 2024 Baboquivari Unified School District performance audit found that the District failed to maintain transportation records, limiting the scope of the review; spent nearly \$500,000 on travel, including a substantial amount of travel that was unnecessary and potentially wasteful; limited public access to some Board meetings; operated schools below capacity; and failed to comply with requirements to protect students and safeguard public monies and sensitive computerized data. The consulting firm Walker & Armstrong, who conducted the performance audit under contract with the Arizona Auditor General, made **26** recommendations to the District.

### District's status in implementing 26 recommendations

Implementation status	Number of recommendations
 Implemented	12 recommendations
 In process	12 recommendations
 <b>Not implemented</b>	<b>2 recommendations</b>

We will conduct a 24-month followup with the District on the status of the recommendations that have not yet been implemented.

# Recommendations to the District

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## **Scope Limitation: District failed to maintain transportation records, limiting the scope of our review of school bus and fleet vehicle maintenance, inspection, and mileage documentation and procedures, and increasing its risk of undetected student safety concerns, fraud, waste, and misuse**

1. The District should develop and implement policies and procedures to ensure that school buses are maintained in accordance with Minimum Standards, including establishing preventative maintenance requirements and maintaining records documenting activities such as required preventative maintenance and pretrip safety inspections.

► Status: **Implementation in process.**

The District has taken steps to address this recommendation, but additional work is needed. Since the audit, the District developed a policy requiring preventative maintenance to be conducted at set mileage intervals and established a process for completing and documenting pretrip safety inspections. The District also began contracting with an outside vendor to manage its transportation program, which includes performing preventative maintenance and keeping records.

We reviewed documentation for preventative maintenance services performed on 8 school buses in fiscal years 2024 and 2025 and found that all the buses received maintenance in accordance with the District's policy. However, the District's policy does not include a provision to address maintenance for school buses that are not frequently driven. Bus manufacturers recommend preventative maintenance based on both mileage intervals and elapsed time to ensure bus reliability. We found that 1 of the 8 school buses we reviewed went more than a year between preventative maintenance services.

We also reviewed October 2024 pretrip safety inspection records for 2 school buses and found that they were insufficient. Specifically, the pretrip inspection checklists we reviewed were not detailed enough to demonstrate that the pretrip inspections met all components required by Minimum Standards. Additionally, we identified 3 days where 1 of the school buses was used to transport students, but there was no documentation that pretrip safety inspections had been performed. We will assess the District's efforts to implement this recommendation at the 24-month followup.

2. The District should develop and implement policies and procedures for managing its fleet vehicles in accordance with the USFR, such as requiring vehicles to be used only by authorized personnel and for authorized purposes, and requiring vehicle usage and the purpose of travel be documented and monitored.

► Status: **Implementation in process.**

As discussed in recommendation 1, the District now contracts with a vendor to manage its transportation services, which includes monitoring fleet vehicles and tracking their

usage. However, additional work is needed to ensure staff who use District vehicles comply with District requirements. Specifically, we found that staff did not consistently obtain the required approvals prior to using District vehicles nor record vehicle mileage. We reviewed 16 vehicle requests from November 2024 and found that 2 of the requests did not have an approval signature and 8 of the requests had been approved by a secretary rather than the department head, as required. Additionally, 3 of the forms we reviewed did not list beginning and/or ending vehicle mileage. We will assess the District's efforts to implement this recommendation at the 24-month followup.

### **Finding 1: District spent nearly \$500,000 and significant staff time traveling for training and conferences, but travel expenditures did not always comply with State requirements and may not have provided intended benefits**

3. The District should develop and implement travel policies and procedures to minimize travel expenditures in accordance with the State of Arizona Accounting Manual (SAAM), such as limiting participation at conferences to the fewest number of District personnel necessary to accomplish its objectives, opting to use more cost-effective alternatives such as virtual meeting attendance, and ensuring travel expenses do not exceed maximum allowable amounts.

► Status: **Implementation in process.**

The District has taken steps to address travel issues identified in the audit, but it did not consistently ensure travel expenses complied with SAAM allowable rates. The District has provided training to staff relating to SAAM travel expense limits, stopped holding special meetings and Board retreats at out-of-town locations, and according to District officials, prioritizes virtual conferences when available. Likely due to these efforts, the District reduced its administrative travel expenses on a per student basis from \$175 in fiscal year 2022 to about \$105 in fiscal year 2025.

However, we found that the District continued to pay more for lodging than SAAM allows. Specifically, we reviewed amounts the District paid for lodging for multiple staff and students during 3 out-of-town conferences or events in February 2025. We found that the District paid between \$4 to \$71 more than SAAM allowed per room for lodging for 2 of the conferences or events, with the overages totaling \$823. We will assess the District's efforts to implement this recommendation at the 24-month followup.

4. The District should develop and implement procedures to ensure the District obtains and documents appropriate approvals in advance of making conference and related travel purchases, as required by the USFR and District policy.

► Status: **Implementation in process.**

The District requires a travel request form to be completed and approved before staff make conference and related travel purchases, but it needs to improve its process for ensuring staff obtain all required approvals. The forms require signatures from 4 approvers, including applicable supervisors and business office staff to ensure the form is accurate and complete, travel is for a District purpose, and appropriate funding

is available. We reviewed 10 fiscal year 2025 travel requests and found that although each form was signed by multiple approvers prior to travel, only 7 included all required signatures. We will assess the District's efforts to implement this recommendation at the 24-month followup.

5. The District should develop policies and procedures to ensure the District complies with the State Constitution's gift clause, such as documenting the public purpose and benefit the public is to receive in return for the cost of travel and sending personnel to conferences.

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

The District has taken steps to ensure its travel complies with the State's gift clause. The July 2024 performance audit found that the District had allowed some employees to attend multiple sessions of an out-of-State training and had also paid for a nonemployee to attend the same training. The District could not demonstrate that these travel expenditures complied with the State's gift clause requirements and did not have an explanation of the public purpose and benefit achieved from the travel.

Subsequently, the District follows a formal procedure that calls for the Superintendent to review travel requests and determine whether the travel aligns with the District's goals. Additionally, the procedure requires travelers who are planning to travel to out-of-State conferences to submit a memo to the Board outlining the public purpose and justification for the travel and to obtain Board approval. We reviewed 10 fiscal year 2025 travel requests, including 7 for out-of-State travel. We found that the Superintendent approved all 10 requests, and all 7 out-of-State travel requests included a memo to the Board documenting the travel's public purpose and justification in accordance with the District's formal procedures. Additionally, we reviewed all travel reimbursements the District paid between June 2024 and March 2025 and did not identify any scenarios similar to those identified during the audit.

6. The District should develop and implement procedures to ensure the District follows its policy to obtain prior approval from its grants director for allowability of costs under grants.

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

We reviewed the approval documentation for 10 fiscal year 2025 travel requests and found that all had received prior approval from the District's grant director.

7. The District should develop and implement procedures that include a review of District employee and Governing Board member travel reimbursement requests to ensure reimbursements are paid only for authorized charges in accordance with District policy and SAAM.

► Status: **Not implemented.**

The District has not established effective review procedures to ensure travel reimbursements are in accordance with District policy and SAAM. Based on our review of 13 travel claims for travel that occurred between July and December 2024, the District reimbursed employees and Board members for more than they were

eligible to receive for 6 of the claims. For instance, the District provided reimbursement for some meals that were provided to conference attendees. Each of the incorrect reimbursements exceeded the maximum SAAM allowable rate by \$4.50 to \$24, with the excess reimbursement amounts totaling \$88.50. We will assess the District's efforts to implement this recommendation at the 24-month followup.

8. The District should consult with legal counsel and seek reimbursement, as appropriate, from staff and Board members for travel expenses overpaid or not authorized under the District's travel policy.

▶ Status: **Implementation in process.**

The District consulted with legal counsel and sought reimbursements totaling \$253 from Board members and District staff. As of September 2025, the District had recovered \$222 but had been unable to recover \$31 from a former District employee. The Board voted in a public meeting in July 2025 to no longer pursue recovering the remaining amount because it would not be cost effective. However, as discussed in recommendation 7, the District continued to provide reimbursements in excess of SAAM for staff and Board members' travel expenses. As such, the District should consult with legal counsel and seek reimbursement, as appropriate, for the additional overpayments we identified during this followup. We will assess the District's efforts to implement this recommendation at the 24-month followup.

## **Finding 2: Contrary to State open meeting laws, District held Governing Board meetings out of town, where they were not easily accessible to the public**

9. The District should discontinue holding special meetings and Board retreats outside of the District's boundaries, which is contrary to the State open meeting laws and an unnecessary expense to the District.

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

The District did not hold any Board meetings or retreats outside the District's boundaries in fiscal year 2025. Based on our review of all fiscal year 2025 Board meeting minutes, each of the Board's 7 special meetings and 4 retreat meetings were held in the board room of the District's administrative building.

10. The District should consult with legal counsel and the Arizona Attorney General's Office to ensure that any District actions taken contrary to open meeting laws are appropriately addressed to be made valid and the appropriate time frame that should be reviewed for such actions.

► Status: **Implementation in process.**

District officials reported they consulted with their legal counsel regarding this matter. However, the District has not yet reported any information to the Attorney General's Office regarding its potential open meeting law violations or the steps it took to validate past actions taken contrary to open meeting laws. We will assess the District's efforts to implement this recommendation at the 24-month followup.

### **Finding 3: District operates schools far below capacity and spends a substantial amount to maintain and operate facilities, reducing monies available for other District priorities**

- 11.** The District should evaluate how it allocates and uses space at its schools to identify and implement options to more efficiently use its facilities and reduce costs, which could include consolidating schools or programs.

► Status: **Implementation in process.**

According to District officials, the District demolished Indian Oasis Middle School and High School in September 2023 and moved the school's classes and programs to another of the District's schools. During the performance audit, this school had capacity for 64 students, or 2% of the District's overall capacity. In fiscal year 2025, the District utilized between 29% and 35% of the designed capacity at its 3 remaining schools and all 3 schools had enough unused capacity to house all students from either of the other 2 schools. As reported in the July 2024 performance audit, 2 of these schools serve elementary students and are located 2 miles, or 3 minutes, apart. District officials reported that they are exploring additional options to more efficiently utilize District facilities, including analyzing potential cost savings from further consolidating its schools. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 12.** The District should analyze its expenditures for operating and maintaining its facilities to determine how monies are being spent, and identify and implement cost savings measures to redirect monies to other District priorities, such as instruction.

► Status: **Implementation in process.**

District officials reported making energy efficiency improvements to District schools over the past few years, including installing energy efficient HVAC units and replacing roofs. In fiscal year 2024, the District reduced the amount it spent to operate and maintain its facilities by \$1,665, or 33%, per student. However, it continued to spend substantially more per student for its facilities than peer districts averaged—\$3,400 compared to its peer district average of \$1,987. The District reported making additional efficiency improvements in fiscal year 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

## **Finding 4: District lacked important internal controls in various areas, limiting transparency, potentially compromising student safety, and increasing the risk for payment errors and unauthorized purchases**

- 13.** The District should develop and implement procedures to ensure District employees and Governing Board members complete conflict-of-interest disclosure forms upon hire or the beginning of their term and annually thereafter in accordance with District policy.

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

District officials reported that they prioritize collecting employee conflict-of-interest disclosure forms at the District's school year kickoff event and Board member forms in January each year, and followup with employees and Board members to ensure all disclosure forms are completed and collected. We reviewed the District's fiscal year 2025 conflict-of-interest disclosure forms and found that all District employees and Board members had completed a form.

- 14.** The District should develop and implement a process to timely review completed conflict-of-interest disclosure forms to identify and remediate disclosed conflicts of interest to comply with District policies and State conflict-of-interest laws.

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

The District has developed processes for reviewing completed conflict-of-interest disclosures for employees and Board members and for identifying and remediating disclosed conflicts of interest. The District's process includes steps to avoid making purchases from vendors identified on employee and Board member disclosure forms and to make Board members aware of decisions before the Board that may involve their substantial interests. We reviewed the District's purchases and found that the District did not make any purchases from vendors for which potential conflicts were disclosed.

- 15.** The District should develop and implement a process to ensure that all required personnel have a valid fingerprint clearance card, including monitoring and regularly reviewing and confirming the validity of employees' fingerprint clearance cards.

▶ Status: **Implementation in process.**

District officials reported that they initiated automated notifications in fiscal year 2026 to inform them when employees' fingerprint clearance cards are nearing their expiration dates. They also reported developing a process to ensure expiring cards are renewed. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 16.** The District should develop and implement written policies and procedures for payroll that include a thorough secondary review to verify the accuracy of personnel pay.



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

District officials provided additional documentation mitigating the underpayments identified during the performance audit.

- 17.** The District should identify and correct underpayments made to all current employees from fiscal year 2022 to the present, including the underpayments we identified.

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

District officials provided additional documentation mitigating the underpayments identified during the performance audit.

- 18.** The District should develop and implement processes for overseeing and enforcing the District's credit card use policy, such as updating the policy to require that credit card users repay the District for unsupported charges on its cards and limiting or revoking card privileges when credit card users do not comply with the District's policy.

- ▶ Status: **Not implemented.**

The District has not developed effective oversight processes to ensure employees comply with credit card policies and user agreements. We reviewed a sample of 23 credit card transactions from February 2025 and found that documentation for 2 of the transactions lacked an invoice supporting the purchase. Additionally, the District's credit card procedures require employees to write their name and the purchase order number on invoices, but invoices for 18 of the credit card transactions we reviewed lacked 1 or both pieces of this information. We will assess the District's efforts to implement this recommendation at the 24-month followup.

### **Finding 5: District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to its network and sensitive information, errors, fraud, and data loss**

- 19.** The District should implement and enforce strong password requirements that align with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

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

The District has implemented password requirements for its critical systems that align with credible industry standards.

- 20.** The District should develop and implement policies and procedures to review the District's password standards against industry password standards at least annually.

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

The District has a process to review its password policy at least annually.



- 21.** The District should ensure all District devices are compatible with the District's endpoint management system and monitored by IT personnel.

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

The District implemented a third-party software program that is capable of monitoring devices previously identified as incompatible with the District's endpoint management system.

- 22.** The District should protect its sensitive computerized data by limiting users' access to its accounting system and student information system to only those functions needed to perform their job duties, including removing the business office employee's full access.

▶ Status: **Implementation in process.**

Our March 2025 review of the District's user access to its accounting and student information systems found that the District had taken some steps to reduce its users' excessive system access. Specifically, the District no longer has any student information system users with more system access than necessary. We also found that the District had also reduced the number of accounting system users with more access than necessary to perform their job duties from 8 to 3. However, 1 of these users continues to have administrator-level access, which gives them the ability to initiate and approve purchases, add vendors to the system, and approve and pay invoices without another employee's review or approval. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 23.** The District should develop and implement written policies and procedures to assign and periodically review accounting system access for employee accounts to ensure they have access to only those accounting system functions needed to perform their job duties.

▶ Status: **Implementation in process.**

The District reports that it is in the process of reviewing roles within its accounting system to determine what access levels are appropriate, and it has developed a tool to help track system access reviews. However, it has not yet developed written policies or procedures to guide staff responsible for assigning access to accounting system users and for conducting periodic reviews. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 24.** The District should immediately disable or remove all unnecessary user accounts in its network and implement a review process to ensure network access is removed immediately when an employee is terminated.

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

The District implemented a process to ensure network access is removed immediately when an employee is terminated. Our March 2025 review of the District's network user accounts did not identify any user accounts belonging to terminated employees.

- 25.** The District should 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 deficiencies and document the test results.

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

In April 2025, District officials approved a newly developed IT contingency plan that includes all key components. The District tested the IT contingency plan and created an action plan to remedy deficiencies identified during the test.

- 26.** The District should develop and implement written policies and procedures to limit physical access to sensitive IT equipment to only appropriate personnel, including procedures for distributing, tracking, and collecting keys, and requiring employees to sign agreements outlining their responsibilities for securing IT areas.

▶ Status: **Implementation in process.**

The District has mitigated issues associated with maintaining and securing its own IT server equipment by contracting with cloud-based vendors to host the District's network and critical services. However, the District has not ensured that all cloud-based IT vendor contracts include terms to safeguard District data. We reviewed 4 District contracts for such services and found that 1 contract with a vendor that hosted a critical District system did not specify how the District's data would be protected, potentially increasing the risk of data loss. We will assess the District's efforts to implement this recommendation at the 24-month followup.