



**OFFICE OF THE
SUPERINTENDENT**

September 29, 2025

State of Arizona
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Lindsey A Perry,

Cedar Unified School District No. 43 has received and reviewed the findings of the Performance Audit Report. The District would like to acknowledge the professionalism and diligence it took to conduct this audit over the last seventeen months. The District has responded to all findings and corresponding recommendations. The District will work diligently to implement the recommendations provided in the findings.

Please find the attached District's response to each finding and recommendation.

Sincerely,

Dean Slaga
Superintendent
Cedar Unified School District

Finding 1: District held Governing Board retreats outside of District boundaries, limiting public access and wasting over \$17,000 of public monies on unnecessary travel

District Response: The Auditor General's finding is agreed to.

Response explanation: The District has not held any out of District Governing Board retreat meetings since January 2024. The district feels we have solved this issue with the elimination of this board retreat setting over the past twenty months.

Recommendation 1: Stop paying for unnecessary travel costs, including by holding Board meetings outside the District's boundaries, which is contrary to open meeting law.

District Response: The audit recommendation will be implemented.

Response explanation: The District has not held any out of District Governing Board retreat meetings since January 2024. Unnecessary travel costs have been eliminated.

Recommendation 2: Develop and implement procedures to ensure that all travel expenditures and reimbursements are planned for the District's convenience using the most reasonable and economic means and comply with SAAM-established maximum rates.

District Response: The audit recommendation will be implemented.

Response explanation: District travel has been reduced significantly. Staff are only attending Training and conferences that are critical to performing assigned duties.

Recommendation to Board 1: In consultation with legal counsel as needed, determine whether any actions taken at out-of-town Board meetings were contrary to open meeting laws and if so, take appropriate corrective measures to validate those actions.

District Response: The audit recommendation will be implemented.

Response explanation: The District reviewed and determined that there were no actions taken at either 2023 or 2024 Governing Board Retreats.

Recommendation to Board 2: If it determines it took any actions contrary to open meeting laws, report all such actions to the Arizona Attorney General's Office.

District Response: The audit recommendation will be implemented.

Response explanation: The District reviewed and determined that there were no actions taken at either 2023 or 2024 Governing Board Retreats.

Finding 2: District did not meet some transportation Minimum Standards requirements and inaccurately reported miles to ADE, increasing risks to student safety and potentially resulting in inaccurate transportation funding

District Response: The Auditor General's finding is agreed to.

Response explanation: All recommendations have been reviewed and addressed by the transportation department along with district administration. Documentation will be provided to ensure accountability for each audit recommendation.

Recommendation 3: Develop and implement written policies and procedures to test school bus drivers for drug and alcohol use, including processes to oversee its vendor to ensure the vendor conducts the number and type of tests required by DPS Minimum Standards.

District Response: The audit recommendation will be implemented.

Response explanation: The transportation department will follow Policy Regulation EEAEAA-R for drug and alcohol testing. The minimum requirement will be enhanced for all transportation employees to be tested each quarter. In addition, all transportation employees will also take a breathalyzer once each year.

Recommendation 4: Develop and implement written policies and procedures to ensure school bus drivers meet all driver certification requirements and maintain driver certification files in accordance with DPS Minimum Standards.

District Response: The audit recommendation will be implemented.

Response explanation: The Transportation Department will ensure that school bus driver credential information will be entered into the FleetSoft System, which will monitor expiration dates for driver credentials. Automated reminders with email notifications will be sent to drivers at 120, 60, and 30 days prior to expiration. Additionally, all bus drivers will complete an end-of-year check out process, which will include a section for credential verification to ensure any summer deadlines are identified and addressed appropriately.

Recommendation 5: Develop and implement written policies and procedures for systematically performing school bus preventative maintenance in accordance with DPS Minimum Standards, including a schedule of maximum mileage and time frame intervals for performing preventative maintenance and what maintenance work should be completed.

District Response: The audit recommendation will be implemented.

Response explanation: The District Transportation Department will adhere to a new policy preventative maintenance plan. Mechanics and technicians will record all preventative maintenance activities for school buses and district vehicles in the FleetSoft system. This will facilitate accurate tracking of scheduled maintenance tasks such as oil changes, inspections, tire replacements, retractable step repairs, coolant flushes and exchanges, AWD transfer case fluid exchanges, transmission fluid replacements, air conditioning services, underbody inspections, and other relevant maintenance activities.

Recommendation 6: Develop and implement a monitoring process to ensure it completes preventative maintenance in accordance with its policy.

District Response: The audit recommendation will be implemented.

Response explanation: The District Transportation Department will adhere to a new policy preventative maintenance plan. Mechanics and technicians will record all preventative maintenance activities for school buses and district vehicles in the FleetSoft system. This will facilitate accurate tracking of scheduled maintenance tasks such as oil changes, inspections, tire replacements, retractable step repairs, coolant flushes and exchanges, AWD transfer case fluid exchanges, transmission fluid replacements, air conditioning services, underbody inspections, and other relevant maintenance activities.

Recommendation 7: Develop and implement a secondary review process to ensure route miles traveled information is accurate prior to submitting it to ADE.

District Response: The audit recommendation will be implemented.

Response explanation: The transportation Director will complete the initial mileage verification each year. When the process is finalized, a secondary dual verification will be conducted by the Business Manager. This will also require a form to be signed by both the transportation Director and Business Manager prior to submission to ADE.

Recommendation 8: Annually review ADE's most recent transportation guidance, maintain all documentation related to miles driven, and accurately calculate and report to ADE the number of route miles traveled for State funding purposes.

District Response: The audit recommendation will be implemented.

Response explanation: The Transportation Director will be required to attend yearly training for route mileage reporting accountability. This process has taken place for the 2025-2026 school year. The 2024-2025 Mileage Reimbursement data has been submitted accurately at this time. The district feels that this recommendation has been solved moving forward.

Recommendation 9: Recalculate and resubmit accurate fiscal year 2024 miles driven to ADE to determine if any corrections are necessary to its transportation reporting.

District Response: The audit recommendation will be implemented.

Response explanation: The district mistakenly submitted the prior year mileage data for the 2023-2024 school year. The 2023-2024 data is currently being recalculated. The Arizona Department of Education transportation office requires that a form be submitted to unlock previous year submittals for correction. This process will be completed in the next few months. The current 2024-2025 school year mileage data have been submitted correctly at this time.

Finding 3: District did not ensure employees and Board members followed District's conflict-of-interest policy, increasing the risk that employees and Board members did not disclose substantial interests that might influence their official conduct

District Response: The Auditor General's finding is agreed to.

Response explanation: The district has completed the review of the conflict of interest policies and processes. The finding included confusion with the signatures on the policy form. The recommendations have been addressed below with proper procedures and corresponding documentation.

Recommendation 10: Establish and implement written procedures for District management's review of disclosure forms for accuracy and completeness to ensure that any potential conflicts are fully described; and to identify and remediate any disclosed substantial interests.

District Response: The audit recommendation will be implemented.

Response explanation: The District has improved the training procedure process and corresponding document accountability trail. Training is conducted during the back to school training each year. The HR Director and Superintendent will sign off each year on the process and corresponding conflict of interest forms. There are no documented conflicts of interest from any employees currently during the 2025-2026 school year, including the three Governing Board members. The district feels we have solved this issue with the dual verification process from the HR Director and Superintendent. The process will be reviewed each year to ensure standards are met by the HR Director and Superintendent.

Recommendation 11: Require employees and Board members to annually attend training on the State's conflict-of-interest requirements and the District's conflict-of-interest disclosure process, and maintain attendance records and documentation of the training provided.

District Response: The audit recommendation will be implemented.

Response explanation: The District has improved the training procedure process and corresponding document accountability trail. Training is conducted during the back to school training each year. The HR Director and Superintendent will sign off each year on the process and corresponding conflict of interest forms. There are no documented conflicts of interest from any employees currently during the 2025-2026 school year, including the three Governing Board members. The district feels we have solved this issue with the dual verification process from the HR Director and Superintendent. The process will be reviewed each year to ensure standards are met by the HR Director and Superintendent.

Finding 4: District lacked critical controls in various areas, including cash handling, payroll, purchasing, and financial reporting, increasing risk of errors, loss, fraud, and theft

District Response: The Auditor General's finding is agreed to.

Response explanation: The District has reviewed all recommendations in this area and has documented responses for each item. The Business Manager, Superintendent, and all responsible Directors were involved in the documentation and solutions for each recommendation.

Recommendation 12: Develop and implement written cash-handling procedures that meet USFR requirements for monies collected for adult cafeteria meals, including steps for issuing evidence of receipt at the time cash is received, timely depositing cash, and reconciling cash collections.

District Response: The audit recommendation will be implemented.

Response explanation: The District has eliminated any cash handling in the cafeteria starting with the 2025-2026 school year. All employees who wish to purchase breakfast and lunch must work with the Business Office to enroll in a payroll deduction or cash deposit to receive coupons for each meal served. The district feels that this recommendation has been solved moving forward.

Recommendation 13: Develop a process to provide accurate, up-to-date prepaid meal balances and a process for accurately recording prepaid meals when redeemed.

District Response: The audit recommendation will be implemented.

Response explanation: The District has eliminated any cash handling in the cafeteria starting with the 2025-2026 school year. All employees who wish to purchase breakfast and lunch must work with the Business Office to enroll in payroll deduction or cash deposit to receive coupons for each meal served. The district feels that this recommendation has been solved moving forward.

Recommendation 14: Develop and implement written procedures and a secondary review process to ensure that extra-duty employment agreements are initiated and presented to the Board, approved by the Board, and reflect accurate pay rates before work is performed, and that extra-duty payments are accurate.

District Response: The audit recommendation will be implemented.

Response explanation: The HR Director, Superintendent, Business Manager, and Payroll Technician will meet monthly prior to each Governing Board meeting. The group will review all personnel items to ensure that Governing Board approval is completed prior to any compensation being distributed. The District feels with monthly meetings already occurring that this problem has been solved moving forward.

Recommendation 15: Review extra duty payments made in fiscal year 2024 to identify and correct any over- or underpayments. For any over- or underpayments identified, determine and document what action(s) will be taken to correct them.

District Response: The audit recommendation will be implemented.

Response explanation: The Business Manager and Payroll Technician identified an underpayment to an employee from 2024 who was underpaid less than \$50. They are working to process a payment to this individual. Moving forward the HR Director, Superintendent, Business Manager, and Payroll Technician will meet monthly prior to each Governing Board meeting. The group will review all personnel items to ensure that Governing Board approval is completed prior to any compensation being distributed. The District feels with monthly meetings already occurring that this problem has been solved moving forward.

Recommendation 16: Develop and implement written procedures in accordance with USFR requirements to ensure all credit card purchases are reviewed and approved in advance by authorized District officials, and to maintain physical security and track possession of District credit cards.

District Response: The audit recommendation will be implemented.

Response explanation: The District has reviewed all credit card procedures and accountability documentation. Accountability processes are in place moving forward.

Recommendation 17: Ensure employees who are responsible for classifying expenditures and for conducting secondary reviews of account coding review the USFR Chart of Accounts for changes at least annually and implement its instructions to accurately account for and report the District's spending.

District Response: The audit recommendation will be implemented.

Response explanation: The Business Manager is the primary employee for documenting coding expenditures. Miscodes were identified in FY24 and throughout FY25. We have been paying close attention to coding expenditures, especially Object Codes 6700's and 6100's. In preparation for the FY25 AFR, salary object codes were corrected to reflect the USFR chart of accounts updates. The District feels that this issue is under control moving forward with continued vigilance.

Finding 5: District did not appropriately restrict building access to better protect students and staff, and did not consistently perform preventative maintenance on its buildings

District Response: The Auditor General's finding is agreed to.

Response explanation: The recommendations in this finding have been reviewed by the Maintenance Director, Superintendent, and SFD Liaison. Process and documentation for all recommendations is provided.

Recommendation 18: Conduct a physical key inventory to determine how many District facility keys exist, how many are distributed and to whom, and facilities each key can access.

District Response: The audit recommendation will be implemented.

Response explanation: The Maintenance Director and Superintendent oversee the distribution and documentation of all keys within the district. Key issuance and accountability documentation measures are currently in place. Additional keys that are not issued are stored in a locked cabinet in the maintenance building. New keys are made and inventoried when needed.

Recommendation 19: Upon conducting the physical key inventory in recommendation 18, maintain an accurate key inventory by developing and implementing written procedures for distributing, tracking, and collecting keys from employees, including requiring employees to sign key agreements outlining their responsibilities as a key holder prior to keys' issuance.

District Response: The audit recommendation will be implemented.

Response explanation: The Maintenance Director and Superintendent oversee the distribution and documentation of all keys within the district. Key issuance and accountability documentation measures are currently in place. Additional keys that are not issued are stored in a locked cabinet in the maintenance building. New keys are made and inventoried when needed.

Recommendation 20: Develop and implement written procedures for plant operations preventative maintenance in accordance with statute and SFOB guidelines. Specifically, these procedures should clearly detail a schedule of when the District should perform preventative maintenance and the type of preventative maintenance records to maintain.

District Response: The audit recommendation will be implemented.

Response explanation: The District is in process of completing written procedures for this recommendation. The district has been working with a SFD consultant to bring maintenance record keeping into compliance.

Recommendation 21: Develop and provide preventative maintenance training for plant operations employees that includes any new or updated procedures and instruction for completing the SFOB preventative maintenance checklists.

District Response: The audit recommendation will be implemented.

Response explanation: The Maintenance Director has received training on an on-going basis from a School Facility Liaison Consultant over the past three years.

Finding 6: District's excessive access to sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, data loss, errors, and fraud

District Response: The Auditor General's finding is agreed to.

Response explanation: The IT Director, Business Manager, and Superintendent reviewed all user access designations. Access specific to only needed job functions were allocated by the IT Director. Continued review will take place regularly as identified across additional recommendation areas.

Recommendation 22: Limit users' access in the accounting system to only those functions needed to perform their job duties.

District Response: The audit recommendation will be implemented.

Response explanation: The District Business Office has only two employees: the Business Manager and the Accounts Payable Technician. They both have access to the accounting system along with the IT Director. With only two employees in the business office with this access, it would be difficult to limit access to either. The employees are cross trained and must cover the needs of the office when one of them is unable to work. The process in place now, and has always been, that each requisition requires two signatures. The Superintendent who does not have access is the second signature always required along with the Business Manager. In addition, administrator approval is required before making any changes to an existing purchase order. The list has been reviewed and access is only given in areas of direct need.

Recommendation 23: Review and reduce the number of users with administrator-level access to its critical systems to only those individuals with a business need for administrator-level access.

District Response: The audit recommendation will be implemented.

Response explanation: The Business Manager and the IT Director are the only two who have administrator-level access to the financial system. Major critical updates/access must be cleared through the Superintendent to move forward.

Recommendation 24: Immediately disable or remove all network and critical system accounts associated with terminated employees and/or individuals no longer working for vendors.

District Response: The audit recommendation will be implemented.

Response explanation: The IT Director has reviewed all user access. Removal of all users except current employees has been completed. Current users only have access to appropriate job function tasks. The District feels this problem has been solved moving forward.

Recommendation 25: Develop and implement written procedures to ensure that network and critical system accounts are promptly removed when no longer needed to reduce the risk of unauthorized access.

District Response: The audit recommendation will be implemented.

Response explanation: The termination process has been reviewed by the IT Director, Business Manager, and Superintendent. The process is now being conducted using an Account Termination & Removal Checklist. Full implementation is in place. The process includes Notification, Account Disabling, Privileged Accounts, Data & Ownership, Account Removal, and Documentation. The District feels that this problem is solved moving forward.

Recommendation 26: Develop and implement a formal process to regularly perform, at least annually, detailed reviews of administrator and user accounts and assess their access levels to ensure that access levels are appropriate, and access was promptly disabled when it was no longer needed.

District Response: The audit recommendation will be implemented.

Response explanation: The IT Director has developed and implemented an Annual Account Review Checklist. The process will be completed on a regular basis at least yearly to ensure appropriate access levels. The District feels this recommendation is solved moving forward.

Recommendation 27: Implement and enforce strong authentication controls that align with USFR requirements and credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

District Response: The audit recommendation will be implemented.

Response explanation: The Cedar School District has a contractual technical support agreement with Northern Arizona University (NAU). The IT Director and NAU representatives have been working to implement a two factor authentication process for all users over all platforms to meet USFR requirements. Documentation of implementation will be provided when the process is completed.

Recommendation 28: Develop and implement a formal process to review the District's authentication controls against credible industry standards at least annually.

District Response: The audit recommendation will be implemented.

Response explanation: The IT Director has reviewed the authentication control process. The process put in place has implemented an authentication control checklist for all users. The checklist includes Notification, Disable Accounts, Security & Access, Post Termination Actions, and Sign Off steps. The District feels this recommendation has been solved moving forward.

Recommendation 29: Develop and implement policies and procedures to conduct mandatory cybersecurity awareness training that meets USFR and credible industry standards for all employees upon hire and at least annually thereafter, and document the training provided.

District Response: The audit recommendation will be implemented.

Response explanation: The It Director has provided Cyber Security Training for all users for the 2025-2026 school year. This took place during orientation week at the beginning of the year. New staff are trained as they arrive throughout any school year moving forward. This process is an on-going endeavor with the cyber security issues changing at a rapid pace. Preparedness is the focus of this training each year.

Recommendation 30: Develop and implement a Board-approved IT contingency plan that meets USFR requirements and credible industry standards; perform documented tests against the plan, at least annually, to identify and remedy any deficiencies; and update the plan based on the results of these tests.

District Response: The audit recommendation will be implemented.

Response explanation: The IT Director with support from the NAU Consortium has developed a Disaster Recovery Plan that will be in front of the Governing Board on Oct 7th for approval. The plan includes Objective, Scope, Roles & Responsibilities, Disaster Recovery Procedures, Pre-Disaster Preparation, Disaster Response Plan, Post-Disaster Recovery, Backup & Redundancy, Testing & Maintenance, Security Measures, and Contact Information. In addition, an Account Review Checklist & Log is provided.