

Topock Elementary School District

60-Month Followup of Performance Audit Report 20-202

Beginning with our March 2020 Topock Elementary School District performance audit, our Office identified deficiencies relating to inadequate payroll, computer, and other internal controls that led to unsupported payments and contributed to the District not complying with the *Uniform System of Financial Records for Arizona School Districts* (USFR).¹ Further, the District's lack of transportation program oversight increased students' safety risk. The original audit included 13 recommendations to the District. During our previous 30- and 48-month followup reviews, we continued to identify additional deficiencies as we worked to assess the District's efforts to implement the original 13 recommendations. These deficiencies resulted in an additional 5 recommendations for a total of **18** recommendations to the District.

District's status in implementing 18 recommendations

Implementation status	Number of recommendations
 Implemented	9 recommendations
 Implemented in a different manner	1 recommendation
 No longer applicable	1 recommendation
 Not implemented	7 recommendations

The District has developed a history of noncompliance with State requirements, and its failure to make progress implementing outstanding audit recommendations resulted in it being required to submit an implementation action plan to the Joint Legislative Audit Committee (JLAC) in 2023.

¹ The USFR and related guidance is developed by the Arizona Auditor General and the Arizona Department of Education (ADE) pursuant to Arizona Revised Statutes (A.R.S.) §15-271. The USFR and related guidance prescribe the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements, and are in conformity with generally accepted practices and federal and State laws.

The District's former superintendent was also called to testify before JLAC at its September 13, 2023, meeting and stated that the District would fully implement all outstanding recommendations by the time of the 48-month followup review. Despite the former superintendent's assurances to JLAC, the District did not do so. Further, since July 2023, the District has been in noncompliance with the USFR and has not made substantial progress in correcting its deficiencies since that time, resulting in the State Board of Education (State Board) voting in April 2024 to withhold 3% of the District's State aid funding pursuant to A.R.S. §15-272(B). As of October 2025, the District remains in noncompliance with the USFR.² Additionally, as previously discussed, our 30- and 48-month followup reports made 5 new recommendations to the District based on additional deficiencies we identified during those reviews.

Specifically:

▶ **Our 30-month followup review determined that the Board had potentially violated open meeting laws**

As part of our previous 30-month followup, we identified actions taken by the District's Governing Board (Board) that appeared to be contrary to State open meeting laws. We found the Board did not vote to approve some performance payments to the superintendent in a public meeting. Instead, the Board inappropriately discussed a performance payment to the superintendent in an email thread that included all the Board members, which potentially violated State open meeting laws. We made 1 additional recommendation to the District based on these deficiencies.

▶ **Our 48-month followup review identified additional Board actions that appeared contrary to open meeting laws**

Through the work we performed to determine the status of the recommendation we made in our 30-month followup report, we identified that the Board had subsequently taken additional actions that also appeared contrary to State open meeting laws. The issues we identified involved the Board improperly using executive sessions and making personnel and contract decisions outside of public meetings. We made 4 additional recommendations to the District based on these deficiencies.

Given its lack of progress in implementing the recommendations over this 5-year period, we are referring this report to JLAC for its consideration and any further action. Unless otherwise directed by JLAC, this report concludes our followup work on the District's efforts to implement the recommendations from the March 2020 report and the subsequent 30- and 48-month followup reports.

² We informed the State Board and the District of the District's continued noncompliance in letters dated December 27, 2024 and August 21, 2025.

Recommendations to the District

Finding 1: District's inadequate payroll, computer, and other internal controls increased risk of errors and fraud, led to unsupported payments, and contributed to the District not complying with the USFR

1. The District should ensure that it maintains current contracts or work agreements for all its employees that stipulate the terms of their employment with the District.

▶ Status: **Implemented at 60 months.**

The District maintained contracts or work agreements for its fiscal year 2025 employees that included most terms of employment. Specifically, we judgmentally selected and reviewed contracts for 5 of the District's 31 fiscal year 2025 employees and found that all 5 contracts stipulated key agreed-upon employment terms such as the position title; salary, hourly pay, and/or benefits to be provided; and the employment's duration. Additionally, the District used an internal document to track employment terms that were not stipulated in contracts, such as the number of paid holidays and number of hours to be worked for each employee. Finally, since the prior 48-month followup, the District has entered into a written contract with its current superintendent following the prior superintendent's resignation in December 2024 (see recommendations 16 and 17 for additional information).

2. The District should ensure that employees' additional duties and related payments or stipends are addressed in annual contracts or personnel/payroll action forms, approved in advance of the work being performed as required by the USFR, and maintained in employee personnel files.

▶ Status: **Not implemented.**

The District has continued to not consistently approve employees' additional duties, related payments, and stipends in advance of the work being performed in fiscal year 2025. We reviewed all 10 additional duty payments the District made to 6 employees during fiscal year 2025 and found that 4 of these payments totaling \$7,000 were not properly approved by the Board in advance as required by the District's written procedures. Specifically, the District lacked evidence that the Board had approved 2 employees' extra duty assignments and associated payments. For the other 2 payments, the Board did not ratify the employees' extra duty assignments and pay at its next meeting, contrary to the District's procedures, but did so at a later meeting.³ As a result, the District continues to increase the risk that it makes unnecessary or unauthorized payments to employees.

³ The District's procedures state that the Board should approve all additional duty assignments and pay before work being performed. If work must be completed before the Board's next scheduled meeting, the District's procedures indicate that the superintendent should approve the additional duty assignment and the Board should ratify the additional duties and pay at its next meeting.

3. The District should ensure its Governing Board meeting minutes and other associated documentation include enough detail to show the Governing Board's approval of employees' work and salary, stipend, and extra duty pay amounts.

► Status: **Not implemented.**

Although the Board approved employee pay for fiscal year 2025 during its June 2024 Board meeting, it lacked important information on employees' work duties and pay at the time of its approval. For example, we found that the employee lists the District provided to the Board for approval lacked information on some employees' work duties and pay amounts or did not clearly document some employees' pay changes. Although the District documented this information for its fiscal year 2025 employees in its internal tracking document, District officials indicated that they had not provided this document to its Board when approving fiscal year 2025 employee work duties and pay amounts. Additionally, as discussed in recommendation 2, we identified 2 fiscal year 2025 additional duty assignments and related payments that appeared to lack required Board approval and 2 other additional duty assignments and related payments that the Board did not approve in accordance with the District's procedures. As a result, the District limited public transparency into its personnel decisions.

4. The District should ensure that it documents the established performance goals the superintendent must meet to receive performance pay and ensure that it retains adequate documentation to demonstrate that the superintendent met the goals for any performance payments made.

► Status: **Not implemented.**

The District opted not to evaluate the former superintendent for fiscal years 2024 and 2025 performance pay and did not make performance payments to the former superintendent in either of these years. The current superintendent's contract states that she is eligible to receive up to 20% of her salary in performance pay, in accordance with the District's superintendent performance pay plan. However, the superintendent's contract does not specify the terms of the performance pay plan, and as of September 2025, the District had not yet developed a separate performance pay plan to evaluate the superintendent's performance and support any performance payments for fiscal year 2026. District officials indicated they plan to develop a performance pay plan by December 2025. However, December 2025 is halfway through the fiscal year, and the superintendent will have operated without clear performance metrics or goals necessary to earn performance pay for a substantial portion of fiscal year 2026.

5. The District should consult with its legal counsel to determine whether it is appropriate for the superintendent to be reimbursed for mileage when using his personal vehicle for District business. If the District and its legal counsel determine that mileage reimbursement is appropriate, the superintendent should follow the State's travel policy by submitting a travel claim with the miles traveled for District purposes and be reimbursed at the State's flat per mile rate. Further, the District's policies and the superintendent's contract should reflect the decision made by the District and its legal counsel.

► Status: **Not implemented.**

As we reported in the previous 36- and 48-month followups, the Board determined that it is appropriate to reimburse the former superintendent for mileage when using their personal vehicle for District business if the travel occurred in accordance with the State's and District's travel policies and was reimbursed at the State's flat per mile rate. However, our review of 1 travel reimbursement paid to the former superintendent in November 2024, which represented the entirety of the District's travel reimbursements in fiscal year 2025, found the District did not pay the reimbursement in accordance with State travel policy, and the reimbursement lacked evidence that it was reviewed and approved prior to payment. Specifically, the District did not reimburse the former superintendent at the State's 2024 flat per mile rate but instead reimbursed him at the 2023 flat per mile rate, resulting in a small underpayment. Additionally, we could not determine if the travel reimbursement had been approved in advance of payment as required by District policy because the approver did not indicate the date on which their review and approval occurred.

6. The District should require the superintendent to reimburse the District for the fiscal year 2018 purchases he made for his personal vehicle using the District's fuel card. Further, the District should consult with its legal counsel to determine whether the superintendent should also reimburse the District for similar fuel card purchases made in fiscal years 2019 and 2020.

► Status: **Implemented in a different manner at 18 months.**

The Board determined that the District would not require the former superintendent to reimburse the District for the fiscal years 2018 through 2020 fuel card purchases he made for his personal vehicle using the District's fuel card. The Board believed that if the former superintendent were required to reimburse the District for these fuel card purchases, the District would be required to pay the former superintendent mileage for all District-related travel from fiscal years 2018 through 2020. The Board also decided to no longer allow the superintendent to use the District's fuel card to fuel a personal vehicle and to instead reimburse the superintendent at the State's flat per mile rate following the State's and District's travel policies.

7. The District should limit the accounting system user's access so that the user cannot initiate and complete payroll and purchasing transactions and consider providing accounting system access to a second user to separate responsibilities and provide for independent reviews and approvals.

► Status: **Implemented at 48 months.**

The District added a second user to the accounting system, worked with the county to reduce each user's permissions to their assigned duties, and implemented additional compensating controls where necessary when a user had incompatible duties. For example, to compensate for 1 user's full access to the payroll module, the District requires an additional employee to review and approve payroll journals for accuracy prior to payment. Specifically, the employee's review is intended to validate employees'

pay to ensure that they are being paid the correct amount they are eligible for and identify any suspicious or unusual payments. We reviewed the payroll journal for 1 pay period since our prior review and found that the additional employee had approved the journal prior to payments being issued. Additionally, we reviewed the District's fiscal year 2024 system audit logs and found that the activities documented on the logs appeared reasonable as it relates to each employee's duties. Finally, the District has also removed business office staff's administrator-level access to the accounting system.

8. The District should implement and enforce stronger network password requirements to decrease the risk of unauthorized persons gaining access to sensitive District information by requiring users to create their own passwords that are known only to themselves.

▶ Status: **Implemented at 18 months.**

Finding 2: Lack of transportation oversight led to potential student safety risk and reporting errors

9. The District should ensure its bus drivers perform pre-trip inspections and maintain documentation of these inspections in accordance with the State's Minimum Standards.

▶ Status: **Implemented at 18 months.**

10. The District should ensure that bus repairs are conducted in a timely manner and documented in accordance with the State's Minimum Standards.

▶ Status: **Implemented at 18 months.**

11. The District should develop and implement procedures to ensure that bus driver certification requirements are met and documented in accordance with the State's Minimum Standards, including conducting and documenting random drug and alcohol testing of bus drivers to help ensure school bus passengers' safety and welfare.

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

The District has implemented procedures to ensure that school bus driver certification requirements, such as refresher training and CPR/first aid certification, are met and documented. Additionally, the District has started working with a medical lab to meet its annual and random drug and alcohol testing requirements. We reviewed the District's fiscal year 2023 drug and alcohol tests and supporting documentation and found that it met Minimum Standards requirements.

- 12.** The District should accurately calculate and report to the Arizona Department of Education (ADE) for State funding purposes the number of students transported.

► Status: **Implemented at 30 months.**

Our review of the District's daily rider counts confirmed that the District accurately reported to ADE for State funding purposes the number of students transported for fiscal year 2022.

- 13.** The District should work with ADE to determine whether it needs to submit a correction for its fiscal year 2018 ridership.

► Status: **Not implemented.**

Despite District officials being aware of the District's fiscal year 2018 transportation reporting error since before the performance audit was issued in March 2020, they waited more than 2.5 years—or until November 2022—to contact ADE to request that the District's fiscal year 2018 riders be updated. However, ADE can modify data that impacts State aid for only the previous 3 fiscal years. Because of the District's significant delay in reporting, ADE was unable to process the District's request to correct its erroneous reporting for its fiscal year 2018 riders. Although, as reported in our initial audit, the District's reporting error for its fiscal year 2018 riders did not have a substantial impact on its transportation funding, the District should have worked with ADE timely to determine whether a correction for fiscal year 2018 was needed.

Additional deficiency identified in 30-month followup

During our previous 30-month followup, our review found that contrary to State open meeting law, the District's Governing Board did not approve performance pay for 1 of the superintendent's 3 performance goals during meetings open to the public. Board members stated that they were aware of the open meeting laws requiring them to vote in a public meeting to approve any payments to the superintendent and believed that they had done so in a meeting after the September 2021 email chain. However, our review of meeting minutes from September 2021 through October 2022 did not identify any such vote. We made 1 additional recommendation to the District regarding this deficiency. See below for the status of this recommendation.

- 14.** The District should consult with legal counsel and the Attorney General's Office to ensure that any District actions taken contrary to open meeting laws are appropriately addressed to be made valid.

► Status: **Not implemented.**

As we reported in our previous 48-month followup, District officials indicated that they had not contacted legal counsel or the Arizona Attorney General's Office to ensure that any District actions taken contrary to State open meeting laws were appropriately addressed to be made valid prior to our 48-month followup review. Similarly, as of our 60-month followup review, the current superintendent was not aware of any

documentation that could support that the District had reached out to its legal counsel or the Attorney General's Office regarding the potential open meeting law violations we identified.

Additional deficiencies identified in 48-month followup

During our previous 48-month followup, we found that the District's Board continued to take actions contrary to State open meeting laws by improperly using executive sessions and making personnel and contract decisions outside of public meetings, limiting transparency into the District's operations. Specifically, Board executive sessions were not properly agendized and included inappropriate discussions, and the Board failed to approve employment contracts/ratify personnel decisions in public meetings. We made 4 additional recommendations to the District regarding these deficiencies. See below for the status of each recommendation.

- 15.** The District should develop and implement policies, procedures, and required training for Board members and staff to help ensure that the District complies with State open meeting law requirements, including requirements related to the appropriate use and agendizing of executive sessions.

▶ Status: **Implemented at 60 months.**

The District developed policies and procedures that help ensure the District complies with State open meeting law requirements, including the appropriate use and agendizing of executive sessions, which the Board adopted in February 2025. The District also provided training to Board members and staff on the State's open meeting laws through an open meeting law training provided by Mohave County in February 2025. Our review of the training materials found that it covered relevant open meeting law requirements, including the appropriate use and agendizing of executive sessions.

- 16.** The District should determine and take appropriation action in a public meeting regarding whether the District will continue to employ the superintendent.

▶ Status: **Implemented at 60 months.**

As we reported in our previous 48-month followup, as of October 2024, the District was still paying its then-superintendent for his services despite not having a valid employment contract. At its December 17, 2024, Board meeting, the Board accepted the former superintendent's immediate resignation. At the same meeting, the Board approved a 3-year contract for its current superintendent.

- 17.** The District should, if the Board determines to continue the superintendent's employment, approve in a public meeting a valid employment contract that specifies the terms of employment, consistent with USFR requirements.

▶ Status: **No longer applicable.**

See recommendation 16.

- 18.** The District should consult with legal counsel and the Attorney General’s Office to ensure any District actions taken contrary to open meeting laws since the 30-month followup are appropriately addressed to be made valid.

▶ Status: **Not implemented.**

As discussed in recommendation 14, as of our 60-month followup review, the current superintendent was not aware of any documentation that would support that the District had reached out to its legal counsel or the Attorney General’s Office regarding the potential open meeting law violations we identified.