

November 3, 2025

Lindsey A. Perry  
Arizona Auditor General  
2910 N 44<sup>th</sup> Street  
Phoenix, AZ 85018-7271

Dear Auditor General Perry:

The Mohawk Valley School District acknowledges receipt of the confidential preliminary performance audit report two and its related recommendations. District administration and the Governing Board are committed to addressing the four findings and implementing the recommendations provided.

We appreciate the valuable information and feedback you have shared. Please note the District's response to the findings and recommendations.

Sincerely,



Shanna Johnson  
Superintendent

**Finding 1: District improperly paid 4 employees \$31,000 in additional compensation contrary to USFR requirements, and the payments may have violated State law and contributed to the District's increased financial risk**

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

Response explanation: The District acknowledges that it paid four employees additional compensation for additional work that was not included in separate employment agreements for the employees. The District is working with legal counsel to implement the Auditor General's proposed recommendations.

**Recommendation 1:** Ensure that any modification to employees' employment terms, such as pay or duty changes, are appropriately documented in employment agreements and approved in advance of the work being performed.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented and will continue to implement this recommendation for future modifications to employee employment terms.

**Recommendation to the Board 1:** Work with legal counsel, as needed, to determine whether it had the legal authority to pay the additional compensation to its employees and document its determination and the rationale supporting its determination.

District Response: The audit recommendation will be implemented.

Response explanation: The District is working with legal counsel to implement this recommendation.

**Recommendation to the Board 2:** Upon determining whether it had the legal authority to pay the additional compensation, report its determination and the rationale supporting its determination to the Arizona Attorney General's Office.

District Response: The audit recommendation will be implemented.

Response explanation: The District is working with legal counsel to implement this recommendation.

**Recommendation to the Board 3:** If the Board determines it did not have the legal authority to pay the additional compensation, determine its ability to recover the monies and take steps to recover the monies, as appropriate.

District Response: The audit recommendation will be implemented.

Response explanation: The District is working with legal counsel to implement this recommendation.

**Finding 2: Some District staff and Board members did not comply with certain State conflict-of-interest requirements and recommended practices, increasing the risk that undisclosed substantial interests could affect their official conduct**

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

Response explanation: The District acknowledges that its past practices did not clearly outline conflict-of-interest duties for board members and employees. The District has since updated forms, policies, and procedures to ensure that board members and employees understand their conflict-of-interest duties and fully disclose the same. The District is in the process of implementing these practices.

**Recommendation 2:** Enforce its existing conflict-of-interest policies for Board members and employees by requiring Board members and employees on their annual conflict-of-interest disclosure forms to fully describe any substantial interests they or their relatives may have in any contract, sale, purchase, or service to the District or District decisions, or attesting that no conflicts exist, if applicable.

District Response: The audit recommendation will be implemented.

Response explanation: The District will develop an internal checklist to ensure its conflict-of-interest policies for Board members and employees are followed on the annual conflict-of-interest disclosure forms. The District will enhance training to its Board members and employees regarding the same, particularly as it relates to a Board members' and employees' substantial interest in District business.

**Recommendation 3:** Update its conflict-of-interest policies and establish and implement written procedures to include a documented process for reviewing and remediating disclosed conflicts of interest, including a process to help Board members identify meeting agenda items involving their interests, to ensure that Board members and employees refrain from participating in any decision, contract, sale, purchase, or service for which they have a substantial interest.

District Response: The audit recommendation will be implemented.

Response explanation: The District will develop an internal checklist to review and remediate disclosed conflicts of interest. The District will enhance training to its Board members and employees regarding the same, particularly as it relates to a Board members' and employees' involvement in District business that may implicate their disclosed conflict-of-interest. This training will specifically address Board Member obligations for agenda and consent agenda items that include possible conflict-of-interests.

**Recommendation 4:** Require and document attendance for periodic training on its conflict-of-interest requirements, processes, and disclosure forms to its Board members and employees that include information about how the State's and District's conflict-of-interest requirements relate to their unique program, function, or responsibilities.

District Response: The audit recommendation will be implemented.

Response explanation: The District will enhance training to its Board members and employees regarding its conflict-of-interest requirements. It will provide District training at least annually and tailor the training to the District employee or Board member's unique program, function, or responsibilities.

**Finding 3: District did not comply with important requirements in various areas, resulting in miscalculated and improper payments to employees and an increased risk of loss, theft, or fraud**

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

Response explanation: The District acknowledges that its payroll procedures resulted in slight overpayment and underpayment of employees. The District has corrected its practices and implemented safeguards to reduce risk of loss, theft, or fraud.

**Recommendation 5:** Pay employees accurately and in accordance with employment agreement terms by developing and implementing policies and procedures to ensure payments meet USFR requirements, including obtaining appropriate prior approval; retaining all required supporting documentation; and accurately calculating payment amounts.

District Response: The audit recommendation will be implemented.

Response explanation: The District has corrected its practices and implemented safeguards to ensure compliance with payroll requirements.

**Recommendation 6:** Once developed, train all appropriate staff on the District's payroll procedures to follow USFR requirements and District policy.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work with necessary staff to implement the recommendation.

**Recommendation 7:** Timely deposit cash in accordance with USFR requirements and District policy by developing and implementing procedures to ensure all cash collected is deposited within a week of collection, or more frequently when amounts are significant.

District Response: The audit recommendation will be implemented.

Response explanation: The District will designate specific staff and implement a timely, routine deposit schedule.

**Recommendation 8:** Pay for purchases only after obtaining evidence of receipt, as required by the USFR, by updating its purchasing policies and procedures to require employees to verify that all purchases have been received and billings are accurate prior to payment.

District Response: The audit recommendation will be implemented.

Response explanation: The District has created and implemented procedures and checklists to proper purchase and verification procedures.

**Recommendation 9:** Once updated, train all appropriate staff on the District's purchase receiving procedures to follow USFR and District policy requirements.

District Response: The audit recommendation will be implemented.

Response explanation: The District will prepare an internal checklist regarding receiving procedures and train appropriate staff regarding the same.

**Recommendation 10:** Comply with A.R.S. §15-421(D) by immediately discontinuing the practice of hiring and/or compensating any current Board member for any position.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

**Finding 4: District's excessive access to its sensitive computerized data increased 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 District will limit access to sensitive computerized data to appropriate personnel.

**Recommendation 11:** Limit employees' access in the accounting system to only those accounting functions needed to perform their job duties.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation as stated.

**Recommendation 12:** Assign separate nonadministrative accounts to employees with administrator-level access to the District's network to perform their day-to-day activities.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation as stated.

**Recommendation 13:** Update and implement its process to assign new employees appropriate accounting system and network access, change employees' access if their assigned duties change, and periodically review users' access to help ensure employees only have the system access necessary to perform their job duties.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation as stated.

**Recommendation 14:** Work with the County and vendor to review and limit the access of external accounting system user accounts to only those functions needed to support the District and ensure that no single user can initiate and complete a transaction without an independent review and approval. If external users' access cannot be limited due to the responsibilities they perform for the District, the District should implement effective compensating controls, such as a process for regularly reviewing external user activity logs to assess the appropriateness of user activities and documenting these reviews, to limit risks of unauthorized access, errors, and fraud.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation as stated.