

Sierra Vista Unified School District

Initial Followup of Performance Audit Report 25-203

The April 2025 Sierra Vista Unified School District performance audit found that the District inappropriately paid administrators \$34,500 in bonuses and performance pay, incorrectly compensated some employees, and improperly processed some retirement withholdings. It also did not adequately safeguard cash and fuel supplies; comply with conflict-of-interest laws; limit access to IT systems; and ensure all transportation requirements were met to help ensure student safety. We made **37** recommendations to the District and **2** recommendations to the District’s Governing Board (Board). In addition to reporting on the status of the District’s efforts to implement these recommendations, we have also provided an update on the District’s noncompliance with the *Uniform System of Financial Records for Arizona School Districts* (USFR).¹

District’s status in implementing 37 recommendations

Implementation status	Number of recommendations
 Implemented	5 recommendations
 In process	17 recommendations
 Not yet applicable	2 recommendations
 Not implemented	13 recommendations

¹ The Arizona Auditor General and the Arizona Department of Education jointly developed the USFR pursuant to Arizona Revised Statutes (A.R.S.) §15-271. The USFR and related guidance prescribes 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.

Board's status in implementing 2 recommendations

Implementation status	Number of recommendations
 Partially implemented	1 recommendation
 Not yet applicable	1 recommendation

Sierra Vista Unified School District has been in noncompliance with the USFR since June 2025. In addition to this followup report, we are also currently completing a status review to determine if the District is no longer in noncompliance with the USFR based on whether its corrective action plan shows it has substantially corrected its USFR deficiencies. We will also conduct a 24-month followup with the District on the status of the following recommendations that have not yet been implemented.

Recommendations to the District

Finding 1: District improperly paid administrators \$34,500 in bonuses and performance pay without required contracts or performance goals and has not required its former CFO, who now consults for the District, to provide detailed invoices to ensure payments are appropriate

- The District should ensure that any modification to contracted employees' employment terms, such as pay or duty changes, are made through appropriate contract amendments or addendums, approved in advance of the work being performed, and maintained in employee personnel files in accordance with USFR requirements.

▶ Status: **Not yet applicable.**

District officials reported in November 2025 that the District has not modified any contracted employees' employment terms since the audit. We will assess the District's efforts to implement this recommendation at the 24-month followup.
- The District should require itemized invoices for financial services consulting work and documentation to support lodging reimbursements and review the supporting documentation to evaluate what work was performed and whether the hours charged are reasonable, and whether travel expenses are supported and accurate prior to approving payment.

▶ Status: **Implementation in process.**

The District has taken a number of steps to ensure it obtains invoices with sufficient supporting documentation to verify charges are accurate and supported, but additional

time is needed to ensure some changes have been fully implemented. Our April 2025 audit found that the District had contracted with its former CFO for business consulting services but did not require detailed invoices to verify charges were appropriate and accurate. Following the audit, the former CFO began providing invoices that included additional details, such as hours worked and services performed. The former CFO was a contracted consultant for the District from January through July 2025 and was paid a total of \$62,000 for contract work performed during this time frame.

When the District issued new business consulting contracts in October and November 2025, it revised its contracts to require that vendor invoices provide the necessary level of detail to enable the District to verify charges are reasonable and accurate. However, because the District had not received any invoices related to these contracts at the time of our November 2025 review, we could not verify that the invoices included sufficient detail to ensure charges were accurate.

The District has also developed a checklist for staff to complete prior to issuing payments for business office consulting services. According to the checklist, invoices should clearly describe the work performed, list the dates and hours worked, and include any supporting documentation such as meeting or training agendas. Staff should also verify that the services were approved by a supervisor to confirm they were received and ensure that charges align with the contract and are calculated correctly. At the time of our review, the District had not yet processed any invoices for business consulting services using its new checklist. We will assess the District's efforts to implement this recommendation at the 24-month followup.

3. The District should, prior to renewing any business office consulting contracts, ensure that the terms, such as agreed-upon travel costs, are in the District's best financial interest and include provisions to enable the District to ensure services are provided as agreed prior to payment, as required by the USFR.

▶ Status: **Implemented at 6 months.**

As discussed in recommendation 2, the District entered into contracts with new vendors for business consulting services in October and November 2025. These contracts include provisions that enable the District to ensure services are provided as agreed prior to payment.

4. The District should establish policies and procedures to eliminate its practice of paying performance pay prior to the Board making a determination that performance goals have been met and the pay has been earned.

▶ Status: **Not yet applicable.**

As of November 2025, the District's interim superintendent was employed through a third-party vendor and the District's contract with the third-party vendor did not include performance pay provisions. However, the interim superintendent signed an employment contract with the District in December 2025, effective February 2026, that

includes performance pay provisions. The contract stipulates that in fiscal year 2026, the superintendent is eligible to earn up to \$2,000 of her \$62,500 prorated total annual pay by meeting performance goals and criteria to be developed by the superintendent and Board.

District officials reported that performance pay will not be paid out to the superintendent until after the Board has evaluated the superintendent's progress in meeting the performance goals. However, as of December 2025, the Board has not yet approved the performance pay plan, and therefore we were unable to determine if the District removed the provision we identified during the audit that allowed for the payment of performance pay throughout the year to the previous superintendent. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 2: District incorrectly compensated employees for sick leave and underpaid other employees for additional duties due to a lack of written procedures, staff training, and supervisory oversight

5. The District should recalculate and correct sick leave accruals for hourly employees since the beginning of fiscal year 2023, and based on these results, determine whether to recalculate and correct sick leave accruals for prior years.

▶ Status: **Not implemented.**

The District was unable to provide any evidence that it had recalculated or corrected any sick leave accruals for hourly employees since the beginning of fiscal year 2023. Further, we reviewed sick and personal leave beginning balances, year-to-date accruals, and year-to-date use for 4 hourly employees hired in September or October 2025 to determine whether the District calculated sick and personal leave in accordance with District policy for these employees. The District incorrectly calculated leave for all 4 employees we reviewed, resulting in 1 employee not accruing at least 13 leave hours they should have accrued and 3 employees over-accruing leave by a total about 27 hours.¹

The District reported that it had developed procedures to ensure that new employees' leave accrual is accurate. However, the District reported that the payroll department experienced complete turnover since the audit, which required fully training all new staff on the District's payroll policies and procedures. We will assess the District's efforts to implement this recommendation at the 24-month followup.

¹ We estimated the sick and personal leave discrepancies based on each position's full-time equivalency (FTE) allocation rather than the number of hours actually worked. For the 3 full-time hourly employees we reviewed, our estimates are based on 80 hours per pay period. For the 1 part-time hourly employee we reviewed, our estimate is based on 0.825 FTE, or 66 hours per pay period.

6. The District should develop written procedures to ensure employees are granted at least the statutorily required minimum number of sick leave hours, including procedures to verify that personal leave is credited to employees accurately and in accordance with District policy.

▶ Status: **Not implemented.**

The District has not developed written procedures to ensure employees are granted at least the statutorily required minimum number of sick leave hours, nor to verify that personal leave is credited to employees accurately and in accordance with District policy. As a result, the District increases the risk it is not providing sick leave in accordance with laws and may be depriving employees of some earned paid sick leave. We will assess the District's efforts to implement this recommendation at the 24-month followup.

7. The District should verify that employees are no longer improperly assigned probationary status in the District's accounting system, and recalculate and correct all incorrectly compensated sick leave for current employees affected by the improper probationary designation between fiscal years 2018 and 2023.

▶ Status: **Implementation in process.**

We judgmentally selected and reviewed 4 hourly employees the District hired in fiscal year 2026 and found the District did not assign probationary status to the new employees in the District's accounting system. However, the District has not recalculated nor corrected sick leave balances for current employees affected by the improper probationary designation between fiscal years 2018 and 2023, as recommended. We will assess the District's efforts to implement this recommendation at the 24-month followup.

8. The District should develop and implement policies and procedures in accordance with USFR requirements that include a thorough supervisory review to verify the accuracy and documented support of employee pay.

▶ Status: **Implementation in process.**

The District developed payroll procedures that include a supervisory review to verify the accuracy and documented support of employee pay in accordance with USFR requirements. However, the District has not fully implemented its updated procedures. Specifically, we judgmentally selected and reviewed 3 pay periods in August through October 2025 and found that District employees did not consistently review payroll supporting documentation, as required by the updated procedures. District officials indicated staff turnover has impacted their implementation of the new procedures.

Additionally, we judgmentally selected and reviewed 16 payroll payments made to 5 employees in 1 pay period in November 2025 and found that 5 payments were calculated incorrectly, which resulted in incorrect payment amounts. Specifically, the 5 payments were not paid for the correct number of hours and/or at the correct pay rate resulting in errors ranging from a \$47 overpayment to a \$169 underpayment. Following

the supervisory review process set forth in its procedures likely would have helped the District to identify these errors prior to processing the erroneous payments. We will assess the District's efforts to implement this recommendation at the 24-month followup.

9. The District should identify and correct all underpayments for employees who were scheduled for on-call hours after January 1, 2023, and develop written procedures for ensuring on-call payments are made in accordance with District policy.

▶ Status: **Not implemented.**

At the time of our review, the District had not identified nor corrected underpayments to employees who were scheduled for on-call hours after January 1, 2023. Additionally, the District had not developed written procedures for ensuring on-call payments are made in accordance with District policy. We will assess the District's efforts to implement this recommendation at the 24-month followup.

10. The District should train payroll staff at least annually, as well as whenever new payroll policies and procedures are introduced, to help ensure payments are correctly and consistently processed in accordance with State law, the USFR, and District policies.

▶ Status: **Implementation in process.**

The District continued to lack formal documented training on its payroll process as of November 2025. Additionally, although the District reported that it has started providing some informal initial training to new payroll staff and contractors, it lacked any documentation of what this informal training entails. As discussed in recommendation 5, the District reported that its payroll department experienced a complete turnover in personnel, which required fully training new staff on the District's payroll policies and procedures. However, formal payroll training likely would have helped the District more effectively onboard new payroll staff and prepare them for the responsibilities and expectations of their new positions. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 3: District did not provide required information to ASRS about certain retiree incentives and improperly calculated ASRS withholding for some employees, which may result in improperly inflated retirement benefits and unfunded liabilities

11. The District should work with the ASRS to identify and correct any excess contributions that should not have been included as compensation for the calculation of ASRS benefits.

▶ Status: **Implementation in process.**

District officials reported that in July 2025, District staff started a review of prior payrolls where accumulated leave or incentive payments may have been incorrectly reported as ASRS-eligible compensation. However, the District was unable to provide any evidence that such a review was in process nor the review results. Additionally,

although the District began working with the ASRS in November 2025, it was unable to provide evidence that it had identified and corrected any excess contributions, as recommended. Because employees' monthly retirement benefits are calculated based on ASRS contributions, failing to identify and correct excess contributions could improperly result in permanent increases to retired employees' monthly retirement benefits. We will assess the District's efforts to implement this recommendation at the 24-month followup.

12. The District should work with the ASRS to report required information about past termination incentive program participants and determine if its termination incentive program created any unfunded liabilities to the ASRS and, if so, resolve them.

▶ Status: **Not implemented.**

As reported in recommendation 11, the District was unable to provide documentation it had contacted or worked with the ASRS to resolve the issues we identified and/or report information about past participants in its termination incentive program. As a result, the District lacks information about whether these issues created any unfunded liabilities to the ASRS that it would be required to resolve. We will assess the District's efforts to implement this recommendation at the 24-month followup.

13. The District should develop and implement written procedures that address termination incentive program reporting requirements and the types of compensation that should be included in ASRS withholding calculations and remittances to ensure compliance with State laws and ASRS requirements.

▶ Status: **Not implemented.**

As of November 2025, the District had not created written procedures that address termination incentive program-reporting requirements and the types of compensation that should be included in ASRS withholding calculations and remittances. As a result, the District continues to increase the risk that it improperly calculates ASRS withholdings for program participants. We will assess the District's efforts to implement this recommendation at the 24-month followup.

14. The District should train payroll staff at least annually, as well as whenever new payroll policies and procedures are introduced, to help ensure ASRS withholding is correctly and consistently processed in accordance with District policies and ASRS requirements.

▶ Status: **Implementation in process.**

District officials reported that it has taken some steps to train new payroll employees on ASRS matters, such as by having the employees review videos available on the ASRS' website. However, the District continued to lack formal, documented training on its payroll process, including calculating ASRS withholdings. As a result, the District continues to increase the risk of payroll errors and improper payments. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 4: District sometimes did not follow cash-handling and purchasing requirements, placing District monies at risk of loss, theft, misuse, and fraud

- 15.** The District should develop and implement written procedures for cash-handling to ensure compliance with USFR requirements, which should include requiring a secondary review of cash collections and regularly accounting for all sequential, prenumbered receipts.²

▶ Status: **Implementation in process.**

Although the District has developed some written procedures for cash-handling since the audit, the procedures lack some critical steps, such as a secondary review of cash collections or a process to regularly account for all sequential, prenumbered receipts. Additionally, we judgmentally selected and reviewed 15 cash deposits from September to November 2025 and found that 4 deposits lacked evidence of a secondary review of the cash collected. As a result, the District continues to increase the risk of cash loss, theft, or misuse. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 16.** The District should periodically train employees responsible for cash collection and deposits on how to comply with USFR cash-handling requirements and its newly developed cash-handling policies and procedures.

▶ Status: **Implementation in process.**

As reported in recommendation 15, the District's updated cash-handling procedures continue to have deficiencies that the District should address before training staff on its cash-handling process. Thus, although the District indicated it had provided some cash-handling training to some employees with cash-handling responsibilities, any training it provided to staff would likely not have addressed all the requirements and expectations for handling cash in accordance with USFR requirements. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 17.** The District should deposit all cash at least weekly, or daily when amounts are significant.

▶ Status: **Implemented at 6 months.**

We judgmentally selected and reviewed 15 cash receipts the District collected between August 2025 and November 2025 and found that the District deposited all 15 receipts within a week of collection in accordance with USFR requirements.

² The term "cash" used throughout this report, and as defined in the USFR, includes cash (coins and dollars), checks, and any other physical form of payment, such as money orders.

- 18.** The District should develop and implement written procedures for purchasing in accordance with USFR requirements, which should include ensuring that all purchases are reviewed and approved in advance by authorized District officials and all goods or services are received and billings are accurate prior to payments being made.

▶ Status: **Not implemented.**

The District has not developed nor implemented written procedures for purchasing in accordance with USFR requirements. We reviewed 10 fiscal year 2026 purchases and found that for all 10 purchases, the purchase orders were approved before the goods or services were ordered, and prices and quantities received were verified before the District issued payments to vendors as required. Without written procedures, however, the District cannot ensure its purchasing process consistently follows USFR requirements, particularly when it experiences staff turnover. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 19.** The District should routinely train appropriate staff on its newly developed purchasing procedures to reduce the risk of unapproved purchases or inappropriate payments.

▶ Status: **Not implemented.**

Although District officials indicated they conducted purchasing training for staff with purchasing responsibilities, they lacked documentation to support what training was provided and to whom. Additionally, the District has not implemented any time frames or requirements related to ongoing purchasing training. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 20.** The District should analyze purchasing card spending and use those results to identify any cards that could potentially be eliminated or any authorized users who no longer require purchasing card access to perform their job responsibilities. Take immediate actions to minimize the number of cards and users in accordance with the USFR.

▶ Status: **Implementation in process.**

The District has taken some steps to minimize the District's number of purchasing cards and users, such as requesting that some purchase cards located at school sites be returned to the District's business office. However, the District has not yet analyzed purchasing card spending or other information to identify which cards and which authorized users require card access to perform their job responsibilities. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 21.** The District should develop and implement written guidance regarding which District employees or job positions require being authorized purchasing card users to perform their job duties.

▶ Status: **Not implemented.**

The District has not developed written guidance regarding which District employees or job positions require being authorized purchasing card users to perform their job duties.

As a result, the District continues to increase the risk that it grants card user access to employees who do not require it, which increases the risk of improper or fraudulent purchases. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 22.** The District should develop and implement a process for periodically reconciling the District's records of authorized users and assigned purchasing cards to the physical cards to ensure no cards are lost or stolen, and take appropriate action if missing cards are identified.

▶ Status: **Not implemented.**

The District has not developed a process for periodically reconciling the District's records of authorized users and assigned purchasing cards to the physical cards to ensure no cards are lost or stolen. As a result, the District continues to increase the risk that a card is lost or stolen without detection. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 5: District did not comply with some conflict-of-interest requirements, increasing the risk that employees and Board members did not disclose substantial interests that might influence or could affect their official conduct

- 23.** The District should develop and/or update and implement conflict-of-interest policies and procedures to require all Board members to complete a conflict-of-interest disclosure form at the start of their terms and annually thereafter, or when circumstances change, including fully describing any substantial interest or attesting that no conflicts exist.

▶ Status: **Not implemented.**

The District has not developed nor implemented policies and procedures to require all Board members to complete a conflict-of-interest disclosure form annually. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 24.** The District should enforce its existing conflict-of-interest policies for employees by requiring them to annually submit conflict-of-interest disclosure forms describing any substantial interests they or their relatives may have in the District's decisions or attesting that no conflicts exist.

▶ Status: **Implemented at 6 months.**

District officials indicated that employees are required to submit conflict-of-interest disclosure forms annually. As of November 2025, we found that 520 out of 523, or 99%, of active employees in fiscal year 2026 had submitted a conflict-of-interest disclosure form, including all employees involved in decision-making for the District.

25. The District should maintain all substantial interest disclosures, including disclosure forms and meeting minutes, in a special disclosure file available for public inspection.

▶ Status: **Not implemented.**

As of November 2025, the District indicated that it did not have a special disclosure file available for public inspection because the District had not yet reviewed the completed employee and Board member conflict-of-interest disclosure forms to identify any substantial interests that would be required to be stored in the statutorily required special file. We will assess the District's efforts to implement this recommendation at the 24-month followup.

26. The District should require periodic training on its conflict-of-interest requirements, process, and disclosure forms to its Board members and employees that includes information about the importance of complying with the State's conflict-of-interest laws and District policy.

▶ Status: **Implementation in process.**

The District indicated that all employees were required to complete conflict-of-interest training by October 2025 or within 90 days of their hire date. However, we identified 6 employees who did not complete the training within the required time frame. Additionally, the District lacked documentation to support that its Board members completed conflict-of-interest training for fiscal year 2026. As a result, the District continues to be at heightened risk that employees and/or Board members do not disclose or refrain from participating in their substantial interests, as required by law. We will assess the District's efforts to implement this recommendation at the 24-month followup.

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

27. The District should limit employees' access to the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to someone outside the business office.

▶ Status: **Implementation in process.**

The District transferred administrator-level access in the accounting system to someone outside the business office and has taken some steps to limit its users' accounting system access. However, as of November 2025, the District continued to allow excessive access to its accounting system, which District officials indicated was likely due to turnover in staff responsible for this process. Specifically, we identified 7 accounting system users with excessive access to payroll functions that allowed all 7 users the ability to initiate and complete payroll transactions without another employee reviewing and approving the transactions, increasing the risk of fraud or misuse. We will assess the District's efforts to implement this recommendation at the 24-month followup.

28. The District should limit administrator-level access to its network to only those individuals with a business need for administrator-level access and require these employees to use a separate nonadministrator account for day-to-day activities.

▶ Status: **Implemented at 6 months.**

The District limited administrator-level access to its network to only those individuals it determined had a business need for administrator-level access. Additionally, the District provided each of the individuals with administrator-level access with separate nonadministrator accounts for performing their day-to-day activities.

29. The District should develop policies to address IT system access relative to employee job duties and establish a formal process to periodically review network account access and make necessary updates if the reviews identify accounts with more access than necessary.

▶ Status: **Implementation in process.**

The District developed some policies to guide staff responsible for assigning IT account user access that include a requirement to periodically review network account access. However, as discussed in recommendation 27, the District continues to allow some accounting system users to have excessive system access, indicating that additional improvements are needed. We will assess the District's efforts to implement this recommendation at the 24-month followup.

30. The District should develop and implement a formal process to ensure that network, accounting system, and student information system accounts are promptly disabled or removed when no longer needed to reduce the risk of unauthorized access.

▶ Status: **Implementation in process.**

Although the District developed procedures for removing unneeded or unused accounts from its IT systems, it had not implemented the procedures as of November 2025. Our November 2025 review found accounts that were unnecessary and/or associated with a terminated user in the District's network and student information system. For example, we judgmentally selected and reviewed 10 of 93 network accounts that may have been associated with terminated employees and found that 9 of the accounts belonged to employees who no longer worked for the District for between 69 and 760 days. By continuing to allow accounts to remain active despite being no longer needed, the District increases the risk for unauthorized access to its sensitive data. We will assess the District's efforts to implement this recommendation at the 24-month followup.

31. The District should implement and enforce strong authentication controls, such as strong passwords and MFA, or compensating controls for any systems that are not capable of implementing MFA, that align with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

▶ Status: **Implementation in process.**

The District reported it is in the process of updating its authentication controls to align with credible industry standards. We will assess the District's efforts to implement this recommendation at the 24-month followup.

32. The District should develop and implement a formal process to review the District's authentication controls against industry standards at least annually.

▶ Status: **Not implemented.**

The District has not implemented a formal process to review the District's authentication controls against industry standards at least annually. We will assess the District's efforts to implement this recommendation at the 24-month followup.

33. The District should develop an IT contingency plan that meets USFR requirements and credible industry standards; test its plan at least annually to identify and remedy any deficiencies, which should include testing the District's ability to restore electronic data files for critical systems from backups; and document the test results.

▶ Status: **Not implemented.**

District officials reported they were unaware if updates had been made to its IT contingency plan, and the District did not provide a current copy of the IT contingency plan for our review. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 7: District did not meet some transportation Minimum Standards requirements, inaccurately reported information to ADE, and failed to fully secure its fuel supplies, increasing risks to student safety and potential for theft and misuse

34. The District should develop and implement written policies and procedures for overseeing its transportation contract to ensure that DPS Minimum Standards for drivers and preventative maintenance are met and transportation reports are accurate.

▶ Status: **Implementation in process.**

The District developed procedures for overseeing its transportation contractor to ensure that it met DPS Minimum Standards for school bus drivers and school bus preventative maintenance, which include receiving monthly driver and preventative maintenance reports from the District's transportation contractor. However, the District reported that

it was still in the process of implementing the new procedures as of November 2025. Specifically, District officials reported that it received its first driver file report from its transportation contractor in November 2025 but could not confirm whether the District had received any preventative maintenance reports.

Additionally, as of November 2025, the District had not created procedures for ensuring transportation reports are accurate. Specifically, the District continues to lack procedures for reviewing the miles and riders reported to it by its transportation contractor. As a result, the District lacks assurance that the miles and riders information it reports to the Arizona Department of Education for transportation funding purposes is accurate. District officials indicated that staff turnover had impacted its ability to develop and implement the recommended procedures. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 35.** The District should establish procedures for ensuring transportation yard gates are locked overnight.

▶ Status: **Implemented at 6 months.**

The District established procedures for ensuring its transportation yard gates are locked overnight which include recording when the gates are locked at the end of each day. We reviewed the District's gate log for November 2025 and found the log was completed for each day school was in session.

To further secure the District's transportation yard, the District moved the white fleet vehicles, which had been housed in the transportation yard, to a separate fenced area to limit the number of employees accessing the yard.

- 36.** The District should take steps to ensure fuel usage is tracked to reduce the risk of misuse and theft, including ensuring all fuelings are identified by user in the fueling reporting system or otherwise logged, and requiring mileage information to be input into its fueling system or recorded before fueling.

▶ Status: **Implementation in process.**

The District has taken steps to ensure fuel usage is tracked, including requiring employees to use a fob and enter their employee number and pin when getting fuel. However, the District does not require mileage information to be input into the fueling system or recorded each time an employee gets fuel, which is critical information necessary for monitoring fuel usage and identifying discrepancies. We will assess the District's efforts to implement this recommendation at the 24-month followup.

37. The District should develop and implement a policy and procedure for regularly reviewing fueling reports for appropriateness and reasonableness and investigate any irregularities identified to help ensure appropriate fuel use.

▶ Status: **Implementation in process.**

Although the District developed a policy to create and review a monthly report on fuel consumption and to investigate discrepancies in the use of fuel versus miles traveled, it continues to lack the information necessary to do so. As explained in recommendation 36, the District does not require employees to input mileage information prior to dispensing fuel which is necessary to investigate discrepancies in the use of fuel versus miles traveled. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Recommendations to the Board

Finding 1: District improperly paid administrators \$34,500 in bonuses and performance pay without required contracts or performance goals and has not required its former CFO, who now consults for the District, to provide detailed invoices to ensure payments are appropriate

1. The Board should work with the Arizona Attorney General's Office to determine whether it had the legal authority to pay the additional compensation to its CFO and performance pay to its superintendent and, if not, determine its ability to recover the monies.

▶ Status: **Partially implemented at 6 months.**

The District has worked with the Arizona Attorney General's Office (Attorney General) on this recommendation, but lacked any determination regarding its legal authority to pay the \$30,000 in additional compensation to its CFO and the \$4,500 in performance pay to its superintendent, as identified by the audit. Specifically, in September 2025 the Attorney General sent a letter to the District indicating that following the issuance of the District's April 2025 performance audit and after the District contacted it regarding this recommendation, it opened a public monies investigation to monitor the District's corrective actions, if any, in response to the issues identified during the performance audit. The letter further explained that the District provided the Attorney General with information on its corrective actions and proactive measures, such as its new requirements for business office consultants' billing practices as discussed in recommendation 2, and the District's revised process for paying performance-based compensation to its superintendent, as discussed in recommendation 4.

However, the Attorney General's letter specified that the Attorney General cannot provide the District with legal advice regarding its compliance with the gift clause and did not include any determination of the District's authority to pay either the additional compensation or performance pay. Instead, the letter indicates that the Attorney

General was closing its public monies investigation related to these issues based on the information the District provided. Based on the Attorney General's letter, the District decided it would not pursue repayment from its former CFO. However, based on our review of Board meeting agendas and minutes since the audit, the Board had not voted or otherwise taken action in a public meeting to make known its decision to not pursue repayment from the former CFO. The District similarly did not request its former superintendent repay the \$4,500 in performance pay, but the former superintendent did so of his own accord prior to leaving District employment.

2. The Board should follow requirements in A.R.S. §15-341(A)(39) by relying on the goals established in statute or establishing alternative performance pay goals, approving any alternative performance pay goals at a public meeting, and ensuring the superintendent meets the performance pay goals before approving performance payments.

▶ Status: **Not yet applicable.**

See explanation for recommendation 4 to the District on page 3.