




Western Maricopa Education Center

Report 1 of 2

Initial Followup of Performance Audit Report 25-204

The May 2025 Western Maricopa Education Center Performance Audit found that the District spent \$50.4 million for career and technical education (CTE) in fiscal year 2023 but lacked processes to validate key outcome data; accumulated fund balances totaling \$142 million while limiting support for its satellite CTE programs, which accounted for 96% of its enrollments; and had poor internal controls and numerous financial oversight issues, increasing its risk for errors and fraud. We made **42** recommendations to the District.

District's status in implementing 42 recommendations

Implementation status	Number of recommendations
 Implemented	11 recommendations
 In process	20 recommendations
 Not implemented	11 recommendations

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

Recommendations to the District

Finding 1: District improperly paid more than \$71,000 for accrued leave and made other payments contrary to its policies, and some policies were unclear, increasing the risk that employees could be treated inconsistently

1. The District should identify and correct any overpayments made to employees from fiscal year 2021 to current for vacation leave that should have been forfeited according to the District's vacation-leave-payout policy.

▶ Status: **Implementation in process.**

District officials reported that, after consulting with legal counsel, the District intends to pursue repayment for vacation leave accrual overpayments from 2 employees who still work for the District, but not from 2 former employees the District reported being unable to contact. However, as of January 2026, the District indicated it had not yet corrected any overpayments made to employees from fiscal year 2021 to current for vacation leave that should have been forfeited according to the District's vacation-leave payout policy. Additionally, as of January 2026, the District's Governing Board (Board) has not discussed or taken action in a public meeting to formalize the District's decision to not pursue repayment from the 2 former employees. We will assess the District's efforts to implement this recommendation at the 24-month followup.

2. The District should ensure it consistently follows its vacation and sick leave policies by developing and implementing written procedures to ensure that all sick and vacation leave payouts are paid in accordance with District policy.

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

The District has developed and implemented written procedures to ensure all sick and vacation leave payouts are paid in accordance with District policy. Specifically, the District updated its written procedures to clarify the accrual tiers used to determine vacation leave accrual rates and the rates at which sick leave is paid out when employees leave District employment. Additionally, the District updated its procedures to clarify the employment duration necessary to qualify for each sick leave payout and vacation leave accrual tier. We reviewed vacation and sick leave payout documentation for all 4 employees who received such payments in fiscal year 2026 as of December 2025 and found that the District accurately calculated and paid all leave payments to these 4 employees in accordance with District policy.

3. The District should develop a thorough secondary payroll review process to ensure that requests and payouts for accumulated sick and vacation leave comply with District policies.

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

The District has developed a thorough secondary review process for sick and vacation payouts. As discussed in recommendation 2, we reviewed sick and vacation leave

payout documentation for all 4 employees who received such payments in fiscal year 2026 as of December 2025 and found that all leave payments to these employees were accurately calculated and paid in accordance with District policy.

4. The District should work with the Governing Board (Board) to update District policies for vacation accruals and sick leave payouts to clearly identify the appropriate accrual and payout rates for all years of service and ensure the policies meet the Board's intent for compensating employees.

▶ Status: **Not implemented.**

Although the District has updated and implemented detailed procedures to address the inconsistent application of its existing policies as discussed in recommendations 2 and 3, the District has not worked with the Board to ensure the District's policies for vacation accruals and sick leave payouts meet the Board's intent for compensating employees. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 2: District did not follow some *Uniform System of Financial Records for Arizona School Districts (USFR)* requirements for cash handling, increasing the risk that cash collections may not be accurately recorded or could be lost or stolen¹

5. The District should develop and implement written procedures to ensure compliance with USFR requirements and District policies related to cash handling, and train District employees with cash-handling responsibilities on these procedures.

▶ Status: **Implementation in process.**

Although the District updated and implemented its cash-handling procedures to ensure compliance with some USFR requirements and District policies, the updated written procedures still require some improvements. For example, the District's cash-reconciliation procedures indicate that the business office should regularly conduct cash reconciliations but do not provide guidance on how to document that a reconciliation was performed. Additionally, we reviewed cash-collection and reconciliation documentation for September 2025 and identified 4 cash receipts that were not turned in with campus cash-collection documentation. Therefore, business office staff lacked the necessary information to fully reconcile September 2025 cash collections, increasing the risk that collected monies may not be deposited.²

Additionally, in fiscal year 2026, the District provided training on its current cash-handling procedures to District employees with cash-handling responsibilities,

¹ The Arizona Auditor General and the Arizona Department of Education (ADE) 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.

² Although the District provided documentation that another business office employee reviewed these 4 receipts separately, the District did not have a process to ensure that all receipts were reviewed at the time the District completes its reconciliation process.

but additional training will be needed once its procedures are updated to include procedures for documenting its cash reconciliations and address other omissions and/or inconsistencies. We will assess the District's efforts to implement this recommendation at the 24-month followup.

6. The District should prepare and maintain evidence for all cash received, including by issuing sequential, prenumbered receipts, and reconcile deposits to cash-collection documentation to ensure all cash received was appropriately deposited.

▶ Status: **Not implemented.**

Our review of the District's September 2025 cash transactions, collections, and deposits identified 1 payment totaling approximately \$12,000 for which the District did not issue a receipt. By not doing so, the District increased the risk that cash could be lost or stolen. Further, as discussed in recommendation 5, the District lacks a process to document its cash reconciliations, which are critical for ensuring all cash received was deposited, as required. We will assess the District's efforts to implement this recommendation at the 24-month followup.

7. The District should deposit timely all cash collected.

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

We judgmentally selected and reviewed cash transactions from the cosmetology program with the most cash transactions in September 2025 and found that all 61 cash transactions were deposited within 7 days as required by the USFR.

8. The District should ensure all discrepancies between system receipts and cash collected are identified and reviewed with documented resolution for all variances.

▶ Status: **Implementation in process.**

The District has taken some steps to address this recommendation since the audit, but additional improvements are needed to ensure that all discrepancies are timely identified, reviewed, and resolved. We reviewed all the District's September 2025 cash transactions from 1 campus and found the District had reviewed and resolved all 4 variances during that month, which were the 4 receipts not provided to the business office to be reconciled as discussed in recommendation 5. However, the District's written procedures do not require campus staff to provide all the necessary information to fully identify, review, and resolve discrepancies. For instance, when submitting daily cash reports to the business office for review, campus staff are not required to provide information about voided transactions or any cash overages/shortages. As a result, the District likely lacks the necessary information to ensure that all discrepancies between system receipts and cash collected are identified and reviewed with documented resolutions. We will assess the District's efforts to implement this recommendation at the 24-month followup.

9. The District should follow its process for maintaining and evaluating supporting documentation for all voided cash receipt transactions.

▶ Status: **Implementation in process.**

Although the District provided evidence to support that it has implemented procedures for documenting and reviewing some voided cash transactions, its procedures still allow most voids to occur without requiring documentation to support that the voids were appropriate. Specifically, the District's cash system users have the ability to void a transaction without approval or support if the void occurs on the same day as the transaction. Additionally, users are not required to provide support for why same-day transactions were voided. Instead, the District's procedures require voided transactions to be documented and supported only when the void occurs at least a day after the transaction. As a result, the District continues to be at risk that voided transactions could be used to conceal a fraud scheme. We will assess the District's efforts to implement this recommendation at the 24-month followup.

10. The District should ensure all cash collections are appropriately secured, verified, and tracked prior to deposit so that the District can ensure that all cash received is deposited.

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

Since the audit, the District has updated its deposit procedures to require staff to complete logs to ensure all cash collected is appropriately secured in safes, verified, and tracked prior to deposit. Our review of all September 2025 cosmetology cash collections totaling approximately \$9,000 found that the District followed its updated deposit process.

Finding 3: District accumulated more than \$142 million in fund balances by end of fiscal year 2023 but did not have a policy regarding amount to be maintained or its intended purpose

11. The District should implement the Government Finance Officers Association's best practices recommendations and develop and implement a formal fund balance policy for its general fund that considers the financial resources available in other restricted funds, including bond proceeds; establishes minimum and maximum reserve amounts; and outlines the purposes for which the District will spend monies that are in excess of required reserves.

▶ Status: **Not implemented.**

Despite the District indicating in its response to the report that it would establish a formal fund balance policy, according to District officials, the District no longer intends to implement this recommendation because the District's Board is not interested in establishing a formal fund balance policy. District officials stated that this is because its Board does not want to limit the District's ability to fund future campus expansions. Our review of the District's fiscal year 2025 *Annual Financial Report* found that the District maintained an overall fund balance of approximately \$151.2 million as of June 30, 2025, which was a decrease of over \$7 million from the previous fiscal year. However, without

a formal policy that determines the District's minimum and maximum fund balance reserve amounts and outlines the purposes for which the District will spend monies that are in excess of established reserves, the District increases the risk that it unnecessarily burdens taxpayers, retains monies in reserve that were intended to support CTE programs, and limits public transparency into its reasons for maintaining a substantial fund balance.

Finding 4: District provided substantially less money to its satellite CTE programs than other CTEDs in the State, limiting its support for satellite programs, and its member-district agreements do not specify the amount of funding it will provide, as required

- 12.** The District should develop and implement a plan for funding to its member districts that considers its pass through percentage; member districts' program enrollment and needs; policies established to govern its general fund balance; and other CTE requirements, such as validating key outcome data.

▶ Status: **Not implemented.**

Our review of the District's fiscal year 2026 plan for providing funding to its member districts found that the District's funding calculations did not document that the District considered pass-through percentages or other key considerations, as recommended, when developing its plan. District officials indicated that the District's fiscal year 2026 funding plan does not include consideration of a pass-through percentage because statute does not require it. Similarly, as discussed in recommendation 11, the District continues to lack a formal fund balance policy and, therefore, is unable to consider its general fund balance policy in the development of its member district funding plan. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 13.** The District should update its IGAs with member districts to include the amount that the CTED will contribute to a course and the amount of support required by the school district, as required by statute.

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

The District updated its IGAs with member districts for fiscal year 2026 to include an addendum specifying the total amount of funding the District will provide to member districts for CTE courses, which the Board approved in September 2025. District officials indicated that the addendum will be updated annually to adjust the amount of funding the District provides to member districts based on the support member districts need each fiscal year. In fiscal year 2025 and before the Board approved the IGA addenda, the District passed through \$28 million to its 15 member districts, which was approximately \$12 million more than it passed through in fiscal year 2023.

14. The District should develop and implement procedures to monitor payments to its member districts to ensure that the funding it provides meets the requirements of its IGAs and any member-district funding plan it develops.

▶ Status: **Implementation in process.**

Since the audit, the District has developed some processes to monitor payments to its member districts. According to District officials, the District now requires member districts to provide a quarterly report detailing how member districts spent District-provided funding. Although the District provided evidence that it now collects spending information, District officials stated that the District has not fully developed or implemented its procedures for reviewing payments to its member districts and the associated spending to ensure it meets IGA and funding plan requirements. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 5: District did not ensure monies it provided to elementary member districts were spent only for allowable purposes and misreported these monies in its *Annual Financial Report (AFR)*

15. The District should develop and implement procedures to thoroughly review proposed budgets from elementary school member districts; approve only the budgets that contain spending allowed by the funding source; and ensure elementary member districts comply with approved budget spending, including taking appropriate action for unapproved spending.

▶ Status: **Implementation in process.**

In fiscal year 2026, the District developed basic, written procedures stating that District staff are to review and approve elementary member districts' proposed budgets and ensure their spending complies with the approved budgets, but additional improvements are needed. The District's new procedures specify that elementary member districts may spend CTE monies only for allowable purposes and that spending should only benefit statutorily eligible students. However, the District's procedures lack details in key areas, such as how to ensure spending benefits only statutorily eligible students and what review is necessary to ensure spending is in accordance with approved budgets. The updated procedures also lack any actions District staff will take to address any unapproved spending it identifies.

Our review of all 3 elementary member districts' fiscal year 2026 budgets found that much of the proposed spending lacked key details necessary to support that the planned spending was only for allowable purposes and would benefit only statutorily eligible students. Despite its new procedures, the District's review did not address these issues prior to approving the budgets, indicating that additional guidance within its procedures may be necessary. For instance, although the District provided correspondence with 1 elementary member district about some required revisions to its proposed budget, it lacked similar support for most other spending within the

proposed budgets that lacked key details about the proposed expenditure's purpose and the students it was intended to benefit. District officials stated that they plan on making additional changes to the budgeting process for fiscal year 2027, including creating a new standardized form for the elementary member districts to complete when submitting proposed budgets. We will assess the District's efforts to implement this recommendation at the 24-month followup.

16. The District should develop and provide additional guidance and training to elementary school member districts on relevant spending restrictions and preparing budgets such that the District can ensure spending is only for allowable purposes.

▶ Status: **Implementation in process.**

Our review of training documentation found that the District provided guidance and training to all 3 of its elementary school member districts on relevant spending restrictions and preparing budgets. Additionally, the guidance details allowable uses for monies provided so the District can ensure spending is only for allowable purposes. However, as explained in recommendation 15, the elementary member districts' fiscal year 2026 budgets lacked key details to support that the spending was for allowable purposes and would benefit only statutorily eligible students. This indicates the District's training was not effective or needs to be updated to provide guidance on preparing budgets with the detail necessary for the District's review. We will assess the District's efforts to implement this recommendation at the 24-month followup.

17. The District should accurately report spending of Arizona Industry Credentials Incentive Program (Incentive Program) monies on its AFR.

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

In fiscal year 2025, the District reported spending all its remaining Incentive Program monies—a total of \$166,301—to develop software primarily to provide students with the opportunity to practice industry-specific mock job interviews. ADE, which administers the funding, approved the expenditure as an appropriate use of the monies. The District does not have any Incentive Program monies available to spend and report for fiscal year 2026. If additional Incentive Program monies become available to the District while we are engaged in subsequent audit followup work, we will reassess the status of this recommendation.

Finding 6: Contrary to statute, District did not monitor member districts' spending and establish consistent reporting requirements to help identify supplanting and protect satellite program quality

18. The District should ensure its IGAs with member districts are up to date, including updating the IGAs to require member districts to provide the required CTED supplanting worksheet rather than USFR Memorandum 219 and requiring all member districts to complete and submit supplanting worksheets and supporting documentation to the District annually.

▶ Status: **Implementation in process.**

District officials reported that as of December 2025, the District was working with its legal counsel to update its IGAs with member districts. The updated IGAs, which the District expects to finalize by the end of fiscal year 2026, will require member districts to provide the required CTED supplanting worksheet and annually submit supplanting worksheets and supporting documentation to the District. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 19.** The District should develop and implement procedures to ensure all member districts complete and provide the required CTED supplanting worksheet and any supporting documentation to the District's Board, ADE, and the District annually by required deadlines; take appropriate action when member districts do not complete the required worksheet; thoroughly review submitted worksheets to identify supplanting; and take appropriate action when supplanting is identified.

▶ Status: **Not implemented.**

As discussed in recommendation 18, the District is still in the process of updating its IGAs with member districts to require them to annually submit the required supplanting worksheet and supporting documentation. According to District officials, once its updated member district IGAs are finalized, the District plans to develop formal procedures for monitoring submission of CTED supplanting worksheets, review the submitted information, and take appropriate action when supplanting is identified. These procedures continue to be important because we found that 1 of the District's 15 member districts had not submitted its fiscal year 2025 CTED supplanting worksheet to ADE as of February 2026, which was several months after the required deadline, contrary to statutory requirements. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 7: District lacked processes to validate key outcome data used to assess program effectiveness, resulting in reporting errors and potentially inaccurate information about CTE programs' success

- 20.** The District should develop and implement consistent data-collection protocols for all CTE programs to demonstrate compliance with statutory and ADE requirements and recommended practices. This includes collecting and validating complete data, such as data related to student certifications earned and postgraduate jobs obtained, as well as developing a process to track all outcome data.

▶ Status: **Implementation in process.**

Although the District has begun to develop data-collection protocols for its CTE programs, such as a credential reporting process for its central programs, it had not fully developed or implemented written procedures for collecting, tracking, and validating student outcome data as of December 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 8: District’s adult education program tuition and fees did not cover program expenses, resulting in a combined deficit of more than \$2.2 million between fiscal years 2019 and 2023

21. The District should routinely calculate the full cost of providing each adult education program and use this information to set tuition and fees for these programs, including providing an explanation if the full cost of providing these programs will not be recovered; and regularly provide the Board with updated program tuition and fees information.

▶ Status: **Implementation in process.**

The District conducted a cost analysis for its adult education programs for fiscal year 2026, and plans to update its analysis each time it offers a new section for any of its adult education programs. Our review found that the District’s cost analysis appears reasonable and, based on the District’s data, the tuition and fees the District charges for these programs in fiscal year 2026 have increased since the audit to fully cover the cost of providing the programs. We will continue to monitor the District’s efforts to routinely update its analysis and use the analysis as it recommends adult program tuition and fees to its Board for approval and report on these efforts at the 24-month followup.

22. The District should conduct and document long-term forecasting to anticipate future costs of providing adult education programs to ensure its adult education program tuition and fees cover program expenses.

▶ Status: **Not implemented.**

Although the District conducted a cost analysis of its adult education programs for fiscal year 2026, the cost analysis and projected revenues and expenditures only covered fiscal year 2026 and did not include any long-term forecasts for future years. Without such long-term forecasts, the District increases the risk that it does not timely consider changes to future costs and/or revenues that may impact the tuition and fee amounts it recommends to the Board for approval. We will follow up on the District’s efforts to implement this recommendation at the 24-month followup.

23. The District should charge fees or student tuition rates and/or obtain grants or donations that cover the costs of operating its adult education programs consistent with statutory requirements and Arizona Attorney General Opinion No. 182-136.

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

Based on the District’s fiscal year 2025 AFR, the District covered the costs of operating its adult education programs with program revenues, consistent with statutory requirements and Arizona Attorney General Opinion No. 182-136.

24. The District should stop using ordinary school monies, such as Maintenance and Operations monies or other monies that may be used for maintenance and operation purposes, for adult education community schools program costs that are not allowable for that purpose.

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

Our January 2026 review of the District's fiscal year 2025 and 2026-to-date accounting data found that the District stopped using ordinary school monies, such as Maintenance and Operations monies, for adult education community schools program costs.

25. The District should immediately work with ADE to submit necessary corrections to address the improper expenditure of ordinary school monies on adult education community schools programs in fiscal years 2022, and any subsequent years as necessary, to bring the respective funds back to the correct balances.

▶ Status: **Not implemented.**

In its response to the audit, the District indicated that it was consulting with ADE to determine the best course of corrective action it could take to address this recommendation. However, as of January 2026, the District had not met with ADE to determine which corrections it would need to submit to address the improper expenditure of ordinary school monies on adult education programs in prior fiscal years. We had previously notified the District in January 2025 that it had until June 2025 to address the improper expenditures for fiscal year 2022, after which, they would no longer be able to adjust that fiscal year.³ Although the District can no longer correct its fiscal year 2022 information due to its inaction, the District is still able to submit necessary corrections to ADE for subsequent fiscal years, but risks being unable to do so if it does not take timely action to address this recommendation. District officials stated that the June 2025 deadline lapsed due to staff turnover in the business office and that they are working with ADE to make necessary corrections to fiscal year 2023 before the June 2026 deadline. We will follow up on the District's efforts to implement this recommendation for the remaining fiscal years at the 24-month followup.

Finding 9: District did not comply with some conflict-of-interest requirements, increasing the risk that employees did not disclose substantial interests that might influence or could affect their official conduct

26. The District should enforce its existing conflict-of-interest policies for employees by requiring employees to annually submit conflict-of-interest disclosure forms describing 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.

³ A.R.S. §15-915 specifies that ADE can modify data that impacts State aid funding for only the 3 previous years.

▶ Status: **Not implemented.**

As of January 2026, District officials stated that they had not yet collected completed fiscal year 2026 conflict-of-interest disclosure forms for all employees but planned on following up with the employees who had not yet completed a form to ensure they submit them. According to District officials, turnover in the business office resulted in the District not collecting all employees' fiscal year 2026 disclosure forms. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 27.** The District should store all substantial interest disclosures in a special file available for public inspection, including disclosure forms and Board meeting minutes where a disclosure is documented.

▶ Status: **Implementation in process.**

Although the District has established a special file it makes available to the public where it stores all substantial interest disclosures, as discussed in recommendation 26, it has not yet collected completed fiscal year 2026 conflict-of-interest disclosure forms from all employees. Thus, it is possible there are additional substantial disclosure interests that are required to be included in the District's special file. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 28.** The District should update its conflict-of-interest policies and establish written procedures to include a documented process for remediating disclosed conflicts-of-interest.

▶ Status: **Implementation in process.**

District officials reported that the District has established informal procedures to remediate disclosed conflicts of interest, but the District has not yet updated its written policies and procedures to document its new process. District officials indicated that the District intends to update its policies and formalize these informal procedures by June 2026. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 29.** The District should update its conflict-of-interest form for employees to provide space for employees to disclose conflicts of interest or attest that no conflicts exist.

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

The District updated its conflict-of-interest disclosure form for employees to provide space for employees to disclose conflicts of interest, as well as a space to attest that no conflicts exist, if applicable.

- 30.** The District should require and document attendance for periodic training on its conflict-of-interest requirements, processes, and disclosure forms to its Board members and employees that includes information about how the State's and District's conflict-of-interest requirements relate to their unique program, function, or responsibilities.

▶ Status: **Implementation in process.**

According to District officials, the District developed and conducted conflict-of-interest training for its employees in fiscal year 2026. However, the District was unable to provide training materials or evidence supporting who completed the training. District officials indicated it lacked such documentation due to staff turnover in the business office. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 10: District failed to timely pay credit cards, made purchases without prior approval, and improperly reimbursed travel expenses, resulting in wasted spending on late fees and an increased risk of errors, misuse, and fraud

31. The District should develop and implement a process to ensure that credit card payments are made in a timely manner to avoid unnecessary late fees and finance charges.

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

The District has developed a process to ensure it timely pays its credit card balances. We reviewed the District's fiscal year 2026 credit card statements through January 2026 and found that the District did not incur any late fees or finance charges for any of the statements we reviewed.

32. The District should develop and implement written policies and procedures to prevent employees who receive vehicle stipends from receiving additional mileage reimbursements.

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

The District has developed written policies and procedures to ensure employees who receive vehicle stipends are not reimbursed for mileage. We reviewed 6 travel reimbursements to employees who received vehicle stipends in fiscal year 2026 and found that none of the reimbursements these employees received included any mileage reimbursement.

33. The District should develop and implement written procedures to ensure purchases are independently reviewed and approved prior to the purchases being made.

▶ Status: **Implementation in process.**

In November 2025, the District implemented updated purchasing procedures to help ensure purchases are independently reviewed and approved prior to the purchases being made. Although we identified at least 2 fiscal year 2026 purchases that lacked the required review and approval, both purchases we identified occurred prior to the District implementing its updated procedures, and we did not identify any purchases lacking required review and approval after the District implemented its updated procedures. To ensure the District consistently follows its updated procedures, we will assess the District's efforts to implement this recommendation at the 24-month followup.

34. The District should develop and implement written procedures to ensure that all travel expenditures and reimbursements do not exceed ADOA-established maximum rates in accordance with District policy and the USFR.

▶ Status: **Implementation in process.**

Although the District developed written procedures for reimbursing employees for travel within ADOA-established maximum rates, these procedures lacked sufficient guidance for reimbursing employees for lodging while traveling to conferences. We judgmentally selected and reviewed 6 of 261 fiscal year 2026 travel reimbursements as of January 2026 and found that 1 employee who traveled to a conference was reimbursed for lodging at a rate that exceeded the ADOA-established maximums without support explaining the exceedance. We will assess the District's efforts to implement this recommendation at the 24-month followup.

35. The District should determine whether staff and Board members are required to reimburse the District for overpayments of travel-related reimbursements and seek legal counsel, as necessary, in making these determinations. If, based on these determinations, the District identifies an amount that staff and Board members would be required to reimburse the District, recover all identified reimbursements.

▶ Status: **Not implemented.**

The District has not yet determined whether staff and Board members should be required to reimburse the District for overpayments of travel-related reimbursements identified during the audit. The District's business office staff, who are new to the District since the audit, indicated that they were unaware of these specific overpayments. We provided the District with this information again during the followup, and District officials indicated they planned to make this determination by the end of fiscal year 2026. We will assess the District's efforts to implement this recommendation at the 24-month followup.

36. The District should classify all expenditures in accordance with the Uniform Chart of Accounts for school districts.

▶ Status: **Implementation in process.**

District officials indicated that the District is developing a review process to occur at the end of each fiscal year to identify and correct expenditure coding errors. Additionally, District officials stated that the District has developed training for business office staff that will ensure employees responsible for classifying expenditures review the USFR Chart of Accounts but did not provide us any supporting documentation related to this training. We will assess the District's efforts to implement this recommendation at the 24-month followup.

37. The District should ensure employees responsible for classifying expenditures review the Uniform Chart of Accounts for school districts for changes at least annually and implement its guidance to accurately account for and report the District's spending throughout the year.

▶ Status: **Implementation in process.**

See explanation for recommendation 36.

Finding 11: District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, interrupted operations, data loss, errors, and fraud

38. The District should enforce MFA and its existing password policy to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

▶ Status: **Implementation in process.**

Our January and February 2026 review of the District's authentication controls found that the District has made some changes to its multifactor authentication (MFA) and existing password policy. However, additional improvements are needed for the District to fully comply with USFR requirements and credible industry standards for authentication controls, which we separately communicated to the District. We will review the District's efforts to implement this recommendation at the 24-month followup.

39. The District should develop and implement a formal process to regularly perform and document, at least annually, detailed reviews of network, accounting system, and student information system users' accounts that includes assessing the need for network and system access to ensure that access level is appropriate, and ensuring access is promptly disabled when it is no longer needed.

▶ Status: **Not implemented.**

District officials reported that they have considered various software that could assist with its process for reviewing and restricting IT system user access levels. However, District officials reported that the District did not move forward with any of the software it considered and instead determined that it would develop its own process for doing so. However, as of March 2026, the District has not developed a formal process to regularly perform and document reviews of user access to critical IT systems.

Taking timely action to address this recommendation continues to be important because our January and February 2026 review of the District's network, accounting system, and student information system user access identified 6 network accounts and 1 student information system account that appeared to be associated with terminated employees who had not worked at the District for between 4 and 18 months. After we brought these accounts to the District's attention during the followup, District officials reported revoking system access for all 7 accounts we identified. However, by continuing to allow excessive and unnecessary system access, including for terminated

employees, the District continues to increase the risk of unauthorized access to sensitive District information, data loss, and fraud. We will review the District's efforts to implement this recommendation at the 24-month followup.

- 40.** The District should limit employees' access in the accounting system to only those accounting system functions needed for their job duties, including transferring administrator-level access to an employee outside the business office.

▶ Status: **Implementation in process.**

Our January 2026 review of the District's 63 active accounting system users found that the District had reduced the number of accounting system users with more access than necessary to perform their job duties from 22 to 12. However, the District has not transferred administrator-level access, which gives these users the ability to initiate and approve purchases, add vendors to the system, and approve and pay invoices without another employee's review or approval, to an employee outside the business office. District officials stated that they have had discussions to potentially transition administrator-level access to an employee outside the business office but had not yet finalized any plans to do so. As such, the District continues to increase the risk of unauthorized access to sensitive District data and fraud. We will review the District's efforts to implement this recommendation at the 24-month followup.

- 41.** The District should work with the County to review and limit the access of County 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 County users' access cannot be limited due to the responsibilities they perform for the District, the District should implement compensating controls, such as a process for regularly reviewing County employee user activity logs and documenting these reviews, to limit risks of unauthorized access, errors, and fraud.

▶ Status: **Implementation in process.**

Although District officials provided documentation showing they worked with the County to ensure users that had system access actually needed the access, the District did not work with the County to limit County users' accounting system access to only those functions needed to support the District. Our January 2026 review of the District's accounting system access levels found that the District continued to allow 6 County user accounts to have unnecessary administrator-level access. Additionally, the District has not implemented compensating controls to review County users' system activities to ensure they are authorized and appropriate. We will review the District's efforts to implement this recommendation at the 24-month followup.

- 42.** The District should develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results.

▶ Status: **Not implemented.**

Since the audit, the District has not made any significant updates to its IT contingency plan because District staff indicated they have been focused on other IT priorities. Accordingly, the District's plan continued to lack key components required by the USFR and/or recommended by credible industry standards such as procedures for maintaining typical processes if critical IT systems are unavailable. Additionally, the District did not provide us with documentation to support it had tested its plan, which is important for ensuring the plan is effective. District officials reported that they plan on completing updates to the District's IT contingency plan by May 2026. We will review the District's efforts to implement this recommendation at the 24-month followup.