

Tombstone Unified School District

Performance Audit

District incorrectly calculated some employees' pay and retirement contributions, lacked purchasing controls to reduce the potential for unauthorized fuel card transactions, failed to maintain its school buses to ensure safe student transportation, and had IT deficiencies that increased its risk for errors, fraud, and data loss

Audit purpose

To assess the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements.

Key findings

- ▶ District incorrectly paid some employees, and it also improperly calculated some retirement contributions, potentially impacting affected employees' future retirement benefits.
- ▶ District's purchasing controls were not sufficient to ensure all fuel card transactions were authorized and appropriate, and District made certain food and beverage purchases without required Governing Board approval.
- ▶ District failed to maintain its school buses in accordance with Minimum Standards requirements, resulting in several buses failing safety inspections and being removed from service, and it reported inaccurate transportation data to the Arizona Department of Education (ADE), which may have affected its State funding.
- ▶ District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, data loss, errors, and fraud.

Key recommendations to the District

- ▶ Identify and address any incorrect payments associated with prorated pay elections and other payroll errors, work with the Arizona State Retirement System to correct any excess or insufficient retirement system contributions, and take steps to ensure employee pay and retirement contributions are accurate.
- ▶ Regularly review fuel card purchases and investigate any irregularities and take steps to prevent misuse and unauthorized transactions by requiring supporting documentation to identify the purchaser and District vehicle and to facilitate District oversight, such as odometer readings and purpose of the purchase.

- ▶ Obtain advance Governing Board approval for all food and beverage purchases associated with District events in accordance with State laws, the gift clause, and other requirements.
- ▶ Perform and document required school bus preventative maintenance, and ensure school buses are properly maintained to safely transport students.
- ▶ Ensure transportation data is accurately reported for funding purposes, review transportation data reported for fiscal year 2025 to determine whether accurate recalculations are possible, and work with ADE to make any identified corrections.
- ▶ Ensure unnecessary IT system user accounts are promptly disabled, limit IT system access to only what employees need to perform their job duties, and maintain and update IT equipment to ensure network connections meet credible industry standards for encryption.
- ▶ Monitor compliance with the District's IT contract and service agreement terms, and obtain contractual assurances related to District data ownership and security.