Globe Unified School District

24-Month Followup of Performance Audit Report 24-202

The January 2024 Globe Unified School District performance audit found that some of the District's important internal controls were insufficient, and it did not comply with requirements in multiple areas, putting public monies, sensitive data, and student safety at risk. The consulting firm Sjoberg Evashenk Consulting, who conducted the performance audit under contract with the Arizona Auditor General, made **41** recommendations to the District. In addition to reporting on the status of the District's efforts to implement these recommendations, we are also providing an update on the District's noncompliance with the *Uniform System of Financial Records for Arizona School Districts* (USFR) at the end of this followup report.[1]

District's status in implementing 41 recommendations

Implementation status	Number of recommendations
Implemented	24 recommendations
Partially implemented	1 recommendation
In process	12 recommendations
Not implemented	**4 recommendations**

We will conduct a 36-month followup with the District on the status of the recommendations that have not yet been implemented.

[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.

Recommendations to the District

Finding 1: District did not comply with school bus driver random drug and alcohol testing requirements, putting student safety at risk, and District did not accurately report miles and riders for State funding purposes

1. The District should immediately conduct all required random drug and alcohol tests for school bus drivers for the current year in accordance with the State's Minimum Standards.

- Status: **Not implemented.**

  As we reported in the prior initial followup, the District did not immediately test the required number of school bus drivers for drug and alcohol use in accordance with the State's Minimum Standards in calendar year 2024.

2. The District should develop and implement procedures to ensure that it conducts random drug and alcohol tests for the required number of school bus drivers and that it documents and maintains all testing results in accordance with the State's Minimum Standards.

- Status: **Implemented at 24 months.**

  In January 2025, the District updated its procedures for calculating the minimum required number of random school bus driver drug and alcohol tests to meet the State's Minimum Standards. Our March 2026 review of all calendar year 2025 school bus driver random drug and alcohol tests found that the District tested the required number of school bus drivers in calendar year 2025 and maintained all testing results.

3. The District should annually review the Arizona Department of Education's (ADE's) most recent transportation guidance, maintain all documentation related to miles driven and riders transported, and accurately calculate and report to ADE the number of route miles traveled and riders transported for State funding purposes.

- Status: **Implemented at 24 months.**

  District officials indicated they annually review ADE's transportation guidance prior to preparing and submitting its required transportation reporting to ADE. Since the prior initial followup, the District updated its process for calculating and documenting miles traveled and riders transported. We found that the District accurately reported its fiscal year 2026 miles traveled and riders transported to ADE for State transportation funding purposes.

4. The District should recalculate and resubmit accurate fiscal year 2022 miles driven and riders transported to ADE to determine if any corrections are necessary to its transportation reporting.

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

  The District worked with ADE in January 2024 to resubmit its fiscal year 2022 transportation funding report. Although the District accurately recalculated and resubmitted the number of riders transported, it did not correct all the errors identified during the audit for miles driven. A.R.S. §15-915 prescribes that ADE can only modify data that impacts State aid for the previous 3 years, and therefore ADE may no longer be able to correct any funding issues that resulted from the District's erroneous reporting.

Finding 2: District lacked important internal controls over purchasing, putting public monies at an increased risk of waste, fraud, and misuse

5. The District should develop and implement written procedures that provide effective internal controls over purchasing and accounts payable processes to ensure compliance with the USFR and Board-approved policies, including processes to monitor and enforce staff compliance with the District's procedures.

- Status: **Implemented at 24 months.**

  In August 2025, the District implemented written procedures for the purchasing and accounts payable processes that align with key USFR requirements. We judgmentally selected and reviewed 20 fiscal year 2026 year-to-date purchases as of February 2026 and found that the District appeared to be following its updated purchasing and accounts payable procedures.

6. The District should develop and require training for responsible employees about the District's purchasing and accounts payable processes and related USFR requirements.

- Status: **Implemented at 24 months.**

  The District provided training on its updated purchasing and accounts payable processes and related USFR requirements to the District employees responsible for the District's purchasing and accounts payable processes in August 2025.

7. The District should ensure purchases are supported by an approved, accurate purchase order prior to purchases being made and that any revisions to increase a purchase order follow the District's required approval process, including obtaining required approvals for increased purchase order amounts.

- Status: **Implemented at 12 months.**

  We judgmentally selected and reviewed 17 fiscal year 2025 year-to-date purchases as of January 2025 and found that the purchases were supported by an approved, accurate purchase order prior to the purchase being made. Additionally, the District followed its process and had the required approvals for the 1 purchase order we reviewed that was revised to increase the purchase amount.

8. The District should retain adequate, accurate supporting documentation to demonstrate purchases were for an allowable District purpose and were paid after the goods or services were received, and that the amount paid did not exceed the approved purchase order amount.

- Status: **Implemented at 24 months.**

We judgmentally selected and reviewed 20 fiscal year 2026 year-to-date purchases as of February 2026 and found that the District retained adequate, accurate supporting documentation to demonstrate that all 20 purchases were for an allowable District purpose. The District also maintained support that it paid invoices only after verifying the goods or services were received and that the amount it paid did not exceed the approved purchase order amount.

9. The District should ensure it pays vendors accurately by developing and implementing a process for staff to verify contracted rates before processing payment for goods and services.

- Status: **Implemented at 24 months.**

The District developed and implemented a process to review invoices to ensure the prices listed on purchase invoices agree with vendor quotes and/or contracts prior to processing payment for goods and services. We judgmentally selected and reviewed 10 fiscal year 2026 year-to-date purchases as of February 2026 that were purchased with a contract or written quote and found that all 10 invoices agreed with the vendor's contract or written quote.

10. The District should ensure employees responsible for classifying expenditures review the USFR's 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: **Implemented at 24 months.**

In August 2025 and January 2026, the District provided training to District employees responsible for classifying expenditures that included USFR updates and reminders to classify expenditures in accordance with the USFR Chart of Accounts. We randomly selected and reviewed 100 of the District's 2,813 fiscal year-to-date 2026 expenditures as of February 2026 and found that the District had substantially corrected its errors in classifying expenditures similar to those identified in the performance audit.

11. The District should continue reviewing historical transaction privilege tax payments to identify other errors and take action to correct any over- or underpayments identified.

- Status: **Implementation in process.**

The District submitted an amended tax return to the Arizona Department of Revenue to recoup the $109 transaction privilege tax overpayment it made in fiscal year 2023 that auditors identified during the audit. Additionally, District officials reported that the District initiated a review of historical transaction privilege tax payments in fiscal year 2026 to identify any additional over- or underpayments it may have made. We will assess the District's efforts to implement this recommendation at the 36-month followup.

12. The District should develop and implement a process to verify accounts payable and transaction privilege tax payments to ensure amounts paid are accurate and supported.

- Status: **Implementation in process.**

The District developed written procedures that require District employees to document receipt of goods and services and to review and approve invoices prior to forwarding to accounts payable for payment. We judgmentally selected and reviewed 20 of 2,813 fiscal year 2026 accounts payable expenditures totaling $182,729 and found that the District verified receipt of goods and services for all 20 expenditures prior to paying the corresponding invoices.

Additionally, District officials reported the District has developed a process to review transaction privilege tax payments to ensure the amounts paid are accurate, but additional work is needed. Specifically, we judgmentally selected and reviewed 9 of 81 fiscal year 2026 purchases on which the District made transaction privilege tax payments and found that the District made tax payments on certain purchases that statute likely exempts from such tax, which led to the District likely overpaying transaction privilege payments for these purchases by $2,323.[2,3] We will assess the District's efforts to implement this recommendation at the 36-month followup.

13. The District should recoup the $55.44 in mileage payments the District overpaid and review other mileage reimbursements paid since the beginning of fiscal year 2022 to ensure the District used the appropriate *State of Arizona Accounting Manual* mileage reimbursement, and recoup any additional overpayments identified.

- Status: **Implemented at 24 months.**

As we reported in the prior initial followup, the District recouped the $55.44 in mileage overpayments identified during the audit in January 2024 and identified 1 additional overpayment and 6 underpayments through its review of mileage reimbursements paid

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[2] A.R.S. §42-5155 specifies that transaction privilege taxes are levied and imposed only on tangible personal property. Our review found that the District remitted use tax payments for some purchased services, which are not tangible personal property and therefore are likely exempt from the tax requirement.

[3] A.R.S. §42-5159(A)(50) exempts software applications provided remotely to promote curriculum design or enhancement purchased by a school district from the transaction privilege tax. Our sample included 1 purchase for which the District made a transaction privilege tax payment that may have been covered by this exemption.

from March 2022 through October 2024. The District corrected all 6 underpayments by paying the affected employees and contacted the now-former employee who received the overpayment to attempt to recoup the overpayment but reported they were unable to do so.

Since the prior initial followup, the District completed its review of mileage reimbursements paid between July 2021 and February 2022 and identified an additional $159 in overpayments, which we verified the District recouped in August 2025.

14. The District should ensure it pays only authorized mileage reimbursements.

- Status: **Implemented at 12 months.**

We judgmentally selected and reviewed 6 of 8 mileage reimbursements the District paid between July 2024 and December 2024 and found that all 6 mileage reimbursements were authorized prior to payment.

15. The District should consult with legal counsel to determine how to correctly account for mileage reimbursed for District employees' travel within District boundaries and formally document the Superintendent's approval.

- Status: **Implemented at 12 months.**

The District consulted with its legal counsel regarding how to correctly account for mileage reimbursed for District employees' travel within District boundaries. In a November 2024 public meeting, the District's Governing Board (Board) approved the District to pay mileage reimbursements at the approved rate within the *State of Arizona Accounting Manual* to staff who travel between District sites during the workday.

Finding 3: District lacked important internal controls over credit cards, resulting in unsupported and unauthorized purchases and increasing the District's risk of errors, misuse, and fraud

16. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should require District employees responsible for maintaining physical security of credit cards to maintain complete and accurate credit card logs that include enough information to track who used which credit card at what time and for what authorized District purpose.

- Status: **Implemented at 24 months.**

Our review of all 8 credit card logs at 4 District sites for July through December 2025 found that the District's credit card logs included enough information to track who used which card at what time and for what authorized District purpose.

17. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should implement protocols to monitor and enforce compliance with existing District credit card policies, including:

a. Ensuring credit cards and purchase receipts are returned within 24 hours of users returning to the District after making purchases, as required by District policy.

▶ Status: **Implemented at 24 months.**

In July 2024, the District updated its policy to require credit card users to return District credit cards no later than the business day after the day of the purchase. We judgmentally selected and reviewed all 41 credit card and fuel card purchases the District made in October 2025 and found that card users returned the card in accordance with the District's updated policy for all 41 purchases we reviewed.

b. Verifying an approved purchase order has been obtained prior to making purchases.

▶ Status: **Implemented at 24 months.**

The District requires employees responsible for overseeing District credit cards to confirm a purchase order has been approved for the purchase prior to issuing a credit card to a District employee to make a purchase. We judgmentally selected and reviewed all 19 credit card purchases the District made in October 2025 totaling $12,189 and found that purchase orders were approved for all 19 purchases we reviewed prior to card issuance.

c. Tracking and regularly reviewing the physical chain of custody for all credit cards to ensure users are complying with requirements for checking out and returning District cards.

▶ Status: **Implemented at 24 months.**

As explained in recommendation 16, the District uses credit card logs to document the physical chain of custody for all credit cards. Our review of all credit card log entries for purchasing activity occurring between July and December 2025 found that District employees signed credit cards in and out in accordance with the District's policy. Additionally, the District developed and implemented procedures that require the District's business office staff to periodically review credit card logs to verify that users are complying with requirements. We found that 2 business office employees reviewed the credit card logs in August, October, and December 2025 to verify that card users complied with District procedures and credit cards were timely returned after making purchases.

d. Ensuring employees have completed the required credit card user agreement prior to granting access to District credit cards.

- Status: **Implemented at 24 months.**

  The District developed and implemented a process to ensure that District employees who are authorized to use credit cards complete a credit card user agreement prior to using a District credit card or fuel card each fiscal year. We found that all 56 employees who used a District credit card or fuel card to make a purchase between July and December 2025 had completed a credit card user agreement prior to being granted access to the District's credit cards.

18. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should review and reconcile all itemized receipts to card statements to ensure purchases are appropriately supported and for a District purpose, and if it identifies unauthorized purchases, take appropriate and timely action.

- Status: **Implemented at 24 months.**

  We judgmentally selected and reviewed all 19 credit card purchases the District made in October 2025 and found that all 19 purchases were supported with an itemized receipt, and the District had reconciled receipts to card statements for all 19 purchases in accordance with the District's policy.

19. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should provide regular training on USFR requirements and District policies and procedures to staff members responsible for credit cards, as well as authorized credit card users, and ensure that all card users have been trained and signed a user agreement prior to using District credit cards.

- Status: **Implemented at 24 months.**

  The District trained all staff members responsible for credit cards on District policies and procedures in August and September 2025. Additionally, the District has established procedures to ensure all authorized card users complete training on District credit card policies and procedures and sign a user agreement prior to using District credit cards. Our review of credit card logs for July 2025 through December 2025 found that all 56 credit card users signed a user agreement prior to using the District credit cards.

20. To enforce existing District policies and procedures and ensure it meets USFR requirements, the District should develop and implement a process to maintain and regularly review an accurate list of the number of active cards and authorized users to determine whether cards can be eliminated and the number of authorized users reduced.

- Status: **Implemented at 24 months.**

  The District has developed and implemented an informal process for maintaining and regularly reviewing credit card usage to determine whether any of the District's cards can be eliminated. The District completed reviews of active credit cards in both fiscal years 2025 and 2026 and reduced the number of credit cards by 4 in each year, for a total of 8 cards. Similarly, for fiscal year 2026, the District developed a process for compiling and periodically reviewing a list of all authorized credit card users. The District completed a review in fiscal year 2026 and reduced the number of authorized credit card and fuel card users from 83 in fiscal year 2025 to 60 in fiscal year 2026. The District's 60 authorized users are located across 4 operational departments and 3 school campuses, and while we determined that the number of users appeared reasonable for the District's size and structure, the District should continue to regularly assess the number of card users and remove any unnecessary authorized users it identifies.

Finding 4: District lacked important internal controls over cash-handling, increasing its risk of loss or theft

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

- Status: **Implementation in process.**

The District developed written cash-handling procedures in August 2025 and trained employees with cash-handling responsibilities on these procedures, but additional efforts are needed. Specifically, the District's written procedures do not include steps for conducting cash reconciliations or cash-handling procedures for food service, where the cash-handling steps differ from the District's standard cash-handling process. District officials indicated that the District had not developed separate written cash-handling procedures for food service operations because they had not considered the procedural differences and the need to provide additional guidance to food service employees.

Additionally, as described in recommendations 22 through 28, our review of the District's fiscal year 2026 cash deposits found that the District did not maintain a documented chain of custody or supporting documentation for some food service cash deposits and therefore lacked information necessary to reconcile deposits to cash collection documentation.

Further, the District did not reconcile 31 of the 69 deposits we reviewed to cash-collection documentation. Without reconciling deposits to cash-collection documentation, the District cannot ensure that all cash collected was appropriately accounted for and deposited into District bank accounts, as required. District officials indicated they updated the District's procedures to include guidance for reconciliations and cash-handling procedures for food service in May 2026. We will assess the District's efforts to implement this recommendation at the 36-month followup.

22. District should prepare and maintain evidence for all cash received, such as by issuing sequential, prenumbered receipts, and reconcile deposits to cash collection documentation to ensure all cash received was appropriately deposited.

- Status: **Not implemented.**

We judgmentally selected and reviewed all 69 deposits the District made in October 2025 and found that the District did not prepare and/or maintain required evidence of cash receipt for 14 deposits we reviewed and therefore lacked information necessary to reconcile these 14 deposits to cash-collection documentation. For instance, we reviewed 2 cash deposits from book fair sales that included a total amount of cash collected but did not include support, such as a list of items sold and sales price or a cash till summary report, to support the total collection amount.

Further, the District had not reconciled another 31 of the 69 deposits we reviewed, despite having the information necessary to do so. By failing to maintain evidence for all cash received and reconcile deposits to cash-collection documentation, the District increased its risk that cash could be lost, misused, or stolen. District officials indicated they updated their procedures to include guidance for reconciliations in May 2026 and provided the updated guidance to the District's contractor and District employees who perform the District's cash reconciliations. We will assess the District's efforts to implement this recommendation at the 36-month followup.

23. The District should review current cash-handling practices and ensure cash is maintained in such a manner that it is physically secured in an appropriate location before being deposited and that the District maintains a documented chain of custody to reduce the risk that cash can be lost, misused, or stolen.

- Status: **Implementation in process.**

In August 2025, the District developed written procedures that require employees to physically secure cash in a locked drawer or cash register until it is deposited. These written procedures also require that employees document receipt of all cash received, including the date of receipt, the amount of cash collected, and a signature of the individual receiving the cash. Although the District did not have specific written cash-handling procedures for food service at the time of our review, District officials indicated that the District's food service cash-handling process also requires documentation of the date of receipt, amount of cash collected, and a signature of the individual receiving the cash for all cash collected. However, our review of all 69 cash deposits from October 2025 found the District did not maintain the documentation required by its procedures for 4 food service deposits.

By failing to maintain documented custody of cash, the District increases the risk that cash may be lost, misused, or stolen without detection. District officials indicated that the District had documented its food service cash-handling procedures as of June 2026. We will assess the District's written cash-handling procedures and its progress in implementing this recommendation at the 36-month followup.

24. The District should restrict access to cash and check stock to only authorized employees, including restricting access to locations and safes where cash and check stock are stored.

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

  The District purchased new safes in March 2025, and District officials reported that the new safes were installed at all District locations that handle cash in March and April 2025. According to District officials, each safe has only 3 authorized employees with safe access.

25. The District should update all safe combinations and establish a written policy and schedule for updating safe combinations in the future, including when employees with safe combinations terminate from District employment.

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

  As stated in recommendation 24, District officials reported that the District installed new safes at all District locations that handle cash in March and April 2025. Additionally, in April 2025, the District established a written policy and schedule for updating safe combinations in the future, including when employees with safe combinations leave District employment.

26. The District should train District employees on the importance of maintaining safe combinations in secure locations, and monitor employees to ensure they do not store safe combinations in unsecure locations.

- Status: **Implementation in process.**

  The District conducted training on its safe policy in August 2025 and January 2026 but could not provide documentation to show that 2 of the 17 authorized safe users had attended at least 1 of the trainings. District officials indicated they planned to ensure all authorized safe users receive training on maintaining safe combinations in secure locations in July 2026. The District also developed a process for District office staff to periodically visit cash-collection sites to ensure safe combinations are securely stored. We will assess the District's efforts to implement this recommendation at the 36-month followup.

27. The District should deposit cash at least weekly, and daily when amounts are significant, consistent with USFR requirements.

- Status: **Implemented at 24 months.**

  We judgmentally selected and reviewed all 69 deposits the District made in October 2025 and found that the District deposited all cash collected, totaling $36,811, within a week of collection as required.

28. The District should separate cash-handling duties from employees with recordkeeping responsibilities, such as for its food service program, and require a separate employee to prepare either deposits or reconciliations, but not both.

- Status: **Not implemented.**

  Our review of all 69 cash deposits from October 2025 found the District did not sufficiently separate cash-handling and recordkeeping responsibilities and did not appropriately reconcile deposits to cash-collection documentation. District officials indicated they updated the District's procedures to include steps for reconciliation in May 2026 and assigned reconciliation duties to individuals not responsible for preparing or making deposits. We will assess the District's efforts to implement this recommendation at the 36-month followup.

Finding 5: District allowed 2 employees to supervise close relatives and did not ensure employees properly completed conflict-of-interest disclosure forms, increasing the risk that District board members and employees had not disclosed substantial interests that might influence or affect their official conduct

29. The District should ensure employees fully complete all sections of the conflict-of-interest form.

- Status: **Implemented at 24 months.**

  The District updated its conflict-of-interest disclosure process in October 2025 from a manual paper-based system to an electronic system that helps the District ensure that all employees submit a form as required by District policy. A District office employee is responsible for reviewing the forms after submission and ensuring that all sections of the form were completed. We judgmentally selected and reviewed 17 of 40 fiscal year 2026 employee conflict-of-interest forms on which the employee disclosed a potential conflict and found that all 17 employees had fully completed their respective disclosure forms.

30. The District should develop and implement a process to review conflict-of-interest forms to identify disclosed interests and take necessary action to remediate them.

- Status: **Implementation in process.**

  The District has developed and implemented a process to review all employee conflict-of-interest forms to identify disclosed interests and take necessary action to remediate them but had not implemented a similar process for Board members. We reviewed all 5 conflict-of-interest forms for the District's fiscal year 2026 Board members in March 2026 and found that the District did not document its review of the disclosed conflicts. By not doing so, the District continues to increase the risk that a Board member may participate in matters in which they have disclosed a substantial interest, contrary to State laws. District officials indicated the District updated its Board member conflict-of-interest disclosure process in May 2026. We will assess the District's efforts to implement this recommendation at the 36-month followup.

31. The District should develop and implement a process to document any followup conducted and ensure appropriate personnel and the Board is notified when a conflict is identified.

- Status: **Implementation in process.**

  The District has developed a process for documenting followup and ensuring appropriate personnel and the Board are notified when a District employee conflict-of-interest is identified. The superintendent presented fiscal year 2026 employee conflicts of interest to the Board in November and December 2025. However, at the time of our review, the District lacked a similar process for identifying and notifying Board members of conflicts. District officials indicated the District updated its Board member conflict-of-interest disclosure process in May 2026 to ensure that the District documents its review of Board member forms and any subsequent notification and/or followup conducted. We will assess the District's efforts to implement this recommendation at the 36-month followup.

32. The District should follow District policy by not allowing personnel to supervise close relatives.

- Status: **Implemented at 24 months.**

  As stated in recommendation 29, the District implemented an electronic conflict-of-interest disclosure form and required all employees to complete and submit a form starting in October 2025. District officials reviewed the forms and took steps to remediate disclosed conflicts to ensure that no District employee in our judgmentally selected sample supervised close relatives for fiscal year 2026.

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

33. To comply with USFR requirements and credible industry standards for IT security, the District should evaluate its current password policies to ensure they align with credible industry standards and District system capabilities.

- Status: **Implementation in process.**

  District officials reported that the District will be contracting with a new IT vendor starting in July 2026. Upon doing so, the District indicated it will work with its new vendor to evaluate password policies to ensure they align with USFR requirements, credible industry standards, and District system capabilities. We will assess the District's efforts to implement this recommendation at the 36-month followup.

34. To comply with USFR requirements and credible industry standards for IT security, the District should enforce strong password and multifactor authentication requirements aligned with credible industry standards to decrease the risk of unauthorized persons gaining access to its network and disrupting operations.

- Status: **Implementation in process.**

  District officials indicated the District implemented multifactor authentication requirements for all network users in 2023. However, as stated in recommendation 33, the District will be contracting with a new IT vendor starting in July 2026 and it plans to work with its new vendor to enforce authentication controls aligned with USFR requirements and credible industry standards. We will assess the District's efforts to implement this recommendation at the 36-month followup.

35. To comply with USFR requirements and credible industry standards for IT security, the District should review and limit users' access to its accounting system to only the functions necessary to perform their job duties.

- Status: **Implementation in process.**

  Our March 2026 review of the District's 29 accounting system user accounts found that although the District has reduced the number of users with excessive access since the prior initial followup, 5 users continued to have more access than necessary to complete their job duties. These users' access allowed them the ability to initiate and complete payroll transactions without another employee reviewing and approving the transactions. By failing to limit accounting system access to only what employees need to perform their job duties, the District increased the risks of unauthorized access to sensitive information and fraud. District officials indicated they would review accounting system users' access by July 2026. We will assess the District's efforts to implement this recommendation at the 36-month followup.

36. To comply with USFR requirements and credible industry standards for IT security, the District should develop and implement a process to regularly perform, at least annually, detailed reviews of users' accounts and assessing their access level and need for network and critical systems access to ensure that access level is appropriate, and access was promptly disabled when it was no longer needed, including for terminated employees and vendors.

- Status: **Not implemented.**

  District officials indicated the District established a process to review accounting system users' access levels monthly to determine whether users' access levels are appropriate and implemented a notification process to promptly disable system access for terminated employees. However, as stated in recommendation 35, our March 2026 review of accounting system users access found that 5 users continued to have more access than necessary to complete their job duties. Additionally, our March 2026 review of network accounts found 12 active network accounts associated with former District employees whose District employment ended between 3 weeks to nearly 3 years prior to our review, indicating that the District is not consistently following its process.

Further, we found that 3 of the 12 active network accounts assigned to terminated employees were accessed after the employee's termination date. District officials stated these accounts were intentionally left active to preserve and forward essential communications and contact information to new staff that filled these vacated positions. However, to comply with USFR requirements and credible industry standards, the District should immediately disable system access or user accounts when they are no longer needed and use other acceptable methods to preserve needed information from these accounts. By failing to appropriately limit accounting system users' access and remove network access for terminated employees, the District increased the risks of fraud, unauthorized access to sensitive information, and data loss. We will assess the District's efforts to implement this recommendation at the 36-month followup.

37. To comply with USFR requirements and credible industry standards for IT security, the District should establish and implement procedures for collecting and monitoring logs of accounting system activities to be able to track events and to detect potentially malicious or fraudulent activity in a timely manner.

- Status: **Implementation in process.**

District officials indicated they began developing a process to review users' accounting system activities in November 2025. Specifically, the District identifies random days each month for accounting system activity reviews. The District uses an artificial intelligence program to identify potentially malicious or unusual accounting system activities on these randomly selected days, which 3 District administrators subsequently review and address, if necessary. District officials indicated they are still testing this process to determine if the artificial intelligence program identifies unusual accounting system activities appropriately and consistently. We will assess the District's efforts to implement this recommendation at the 36-month followup.

38. To comply with USFR requirements and credible industry standards for IT security, the District should establish and implement a District policy that requires all employees to complete security awareness training upon hire and at least annually, and implement a procedure to track and enforce compliance with the policy.

- Status: **Implementation in process.**

District officials indicated that all employees are assigned to complete security awareness training upon hire and annually thereafter. However, our March 2026 review of the District's fiscal year 2026 training completion report found that 27 of 190 employees did not complete the training by the assigned due date and 2 employees, who were assigned to complete the training by November 2025, still had not completed the training at the time of our review. District officials stated they began working with a new vendor in February 2026 to implement additional cybersecurity training for District employees for fiscal year 2027. District officials indicated the new cybersecurity training program will provide them with real-time course completion reports and will send notifications to employees who are overdue on assigned training, which will help the District enforce compliance with District cybersecurity training requirements. We will assess the District's efforts to implement this recommendation at the 36-month followup.

District USFR noncompliance

District had been in noncompliance with the USFR since June 2024, but it has made progress in correcting internal control deficiencies, and as of July 2026, is no longer in noncompliance

Globe Unified School District had been in noncompliance with the USFR since June 2024. In December 2025, the Arizona State Board of Education (State Board) held a hearing and directed the Superintendent of Public Instruction to withhold 3% of the District's State aid in accordance with A.R.S. §15-272(B). On July 27, 2026, we sent a letter to the District notifying it that we had reviewed the District's fiscal year 2025 financial audit reports and Compliance Questionnaire and conducted this 24-month followup. Based on our review of all available information at the time of our letter to the District, including the number and significance of the District's outstanding deficiencies, we determined the District was no longer in noncompliance with the USFR. However, as noted in our July 2026 letter and within this followup report, the District continues to have outstanding deficiencies in some areas, such as cash handling and information technology, that it must act to correct to ensure continued compliance with USFR requirements.