ARIZONA Auditor General
Making a Positive Difference

Benson Unified School District

24-Month Followup of Performance Audit Report 24-205

The April 2024 Benson Unified School District performance audit found that the District's transportation reporting errors led to excess State funding and a lack of internal controls and compliance with important IT requirements put student activity monies and sensitive computerized data at risk. The CPA firm Walker & Armstrong, who conducted the performance audit under contract with the Arizona Auditor General, made **14** recommendations to the District.

District's status in implementing 14 recommendations

Implementation status	Number of recommendations
Implemented	5 recommendations
In process	8 recommendations
Not implemented	**1 recommendation**

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

Recommendations to the District

Finding 1: The District's errors on annual transportation reports resulted in it being overfunded by $343,000 for fiscal year 2024

1. The District should annually submit accurate and complete required transportation reporting to the Arizona Department of Education (ADE).

- Status: **Implementation in process.**

  The District updated its transportation reporting procedures in March 2025 to help ensure it accurately completes and submits required transportation reports to ADE, including its *Transportation Route Report* and *Vehicle Inventory Report*. Additionally, our July 2026 review of the District's fiscal year 2026 *Vehicle Inventory Report* found that the District accurately completed and submitted the report to ADE. However, the District did not maintain documentation to support some of the eligible students transported it reported to ADE on its fiscal year 2026 *Transportation Route Report*. Without such supporting documentation, we could not verify that the District had accurately reported the number of riders transported. The District reported it will update its transportation reporting procedures to ensure it accurately tracks and maintains supporting documentation for eligible student riders by August 2026. We will assess the District's efforts to implement this recommendation at the 36-month followup.

2. The District should develop and implement procedures to ensure transportation information, including eligible students transported and miles driven, is properly reported to the ADE for State funding purposes. The procedures should include a secondary review process before submitting transportation reporting to ADE.

- Status: **Implementation in process.**

  As stated in recommendation 1, the District updated its transportation reporting procedures to help ensure it properly completes and submits its *Transportation Route Report* and *Vehicle Inventory Report* to ADE. Specifically, the procedures require the District to accurately identify eligible student riders and miles driven, and for the District's director of business to perform a secondary review to ensure the District's transportation reports are accurate prior to the District submitting them to ADE. However, as explained in recommendation 1, the District did not maintain documentation to support some of the eligible students transported the District reported to ADE on its fiscal year 2026 *Transportation Route Report*. We will assess the District's efforts to implement this recommendation at the 36-month followup.

3. The District should develop and implement procedures to review transportation funding amounts received and compare the amounts to budgeted amounts.

- Status: **Not implemented.**

  As reported in the prior initial followup, the District developed a procedure to review transportation funding amounts received and to compare the amounts to budgeted amounts. However, similar to what we reported in the initial followup, the District has continued to lack specific procedures for staff on how to conduct this review. During this followup, the District was unable to provide documentation showing staff had completed a review of transportation funding and budgeted amounts as of June 2026. The District reported that staff turnover contributed to the District's failure to review transportation funding amounts since the prior followup. We will assess the District's efforts to implement this recommendation at the 36-month followup.

4. The District should work with ADE regarding needed corrections to its transportation funding reports until all transportation reporting and funding errors are fully corrected.

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

  The April 2024 performance audit found that the District erroneously retired all its school buses in the fiscal year 2023 *Vehicle Inventory Report* and overreported its average daily mileage in the fiscal year 2023 *Transportation Route Report*, resulting in fiscal year 2024 overfunding of approximately $343,000. Our December 2024 review found that the District had worked with ADE to correct the errors the contract auditor identified during the audit. Additionally, the District repaid the overfunded monies, totaling $343,000, to ADE in April 2024.

Finding 2: District did not comply with important cash-handling requirements, putting the District at an increased risk of errors and fraud

5. The District should ensure that its newly established cash-handling policy includes all internal controls necessary to properly safeguard student activity funds in compliance with *Uniform System of Financial Records for Arizona School Districts* (USFR) requirements for cash handling.

- Status: **Implementation in process.**

  The District updated its cash-handling policy in March 2025. Our review of the District's updated cash-handling policies and procedures found that they appear to include the internal controls necessary to properly safeguard student activity funds in compliance with USFR requirements for cash handling. However, our June 2026 review of the District's cash-handling process found that the District did not consistently follow its updated policies and procedures. Specifically, our review of all student activities cash the District collected in March 2026 found that the District deposited 5 of 29 cash transactions between 10 and 14 days after collection, contrary to its policy. We will assess the District's efforts to implement this recommendation at the 36-month followup.

6. The District should develop and implement processes to monitor and enforce staff compliance with its cash-handling policies, such as by performing regular reviews of cash receipt and deposit documentation and taking action when it identifies staff noncompliance with cash-handling policies.

- Status: **Implementation in process.**

  The District's cash-handling policies and procedures include processes to monitor and enforce staff compliance with its cash-handling policies. Specifically, the District developed an accountability plan to address instances of staff noncompliance with the District's cash-handling policies. Further, the District reported that all cash receipt and deposit documentation is reviewed by the District's director of business for compliance with District requirements. However, as stated in recommendation 5, our review of all 29 student activities cash receipts from March 2026 found that District staff did not consistently follow the District's policies and procedures, indicating that the District's monitoring and enforcement of its policies and procedures may not be effective. We will assess the District's efforts to implement this recommendation at the 36-month followup.

Finding 3: District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to its network and sensitive information, errors, fraud, and data loss

7. The District should implement and enforce strong password requirements that align with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

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

  Our June 2026 review found that the District enforced strong password requirements that align with credible industry standards.

8. The District should develop and implement policies and procedures to regularly review the District's password standards against credible industry password standards at least annually.

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

  The District developed a policy in October 2024 to regularly review the District's password standards against credible industry password standards. Our June 2026 review found that the District conducted a review of its password standards against credible industry password standards in March 2025 and March 2026. Additionally, as stated in recommendation 7, the District enforced strong password requirements that align with credible industry standards.

9. The District should protect its sensitive computerized data by limiting users' access to its accounting system and student information system to only those functions needed to perform their job duties, including removing the business office employees' administrator-level access.

- Status: **Implementation in process.**

As reported in the initial followup, we found that the District limited users' student information system access to only those functions needed to perform their job duties. However, our June 2026 review of the District's user access to its accounting system found that the District had not limited users' access to only those functions needed to perform their job duties. Specifically, the District granted inappropriate administrator-level access to 2 District employees. Further, 3 of 36 accounting system users we reviewed, including 1 user identified during the audit, had more access than needed to perform their job duties. These users could initiate and complete purchasing and/or payroll transactions without an independent review and approval.

Since the performance audit, the District has continued to indicate that separation of duties is not feasible due to its limited number of staff. Instead, the District developed a process in January 2025 for the District's director of business to receive immediate email notifications of accounting system changes related to payroll, such as new employees and rate changes, and review them for appropriateness. Our review of the District's available email notifications found that the District was following its process for reviewing payroll changes in its accounting system. However, the District reported it is in the process of working with its IT vendor to develop a similar process for reviewing accounts-payable changes, such as vendor modifications, in its accounting system. We will assess the District's efforts to implement this recommendation at the 36-month followup.

10. The District should develop and implement written policies and procedures to assign and periodically review accounting system access for employee accounts to ensure they have access to only those accounting system functions needed to perform their job duties. If separation of duties is not feasible due to a limited number of personnel, the District should implement other controls such as a process for a supervisor to regularly review system logs, balancing reports, and other relevant indicators, as required by the USFR.

- Status: **Implementation in process.**

As reported in the prior initial followup, in October 2024, the District developed written policies and procedures to assign and periodically review accounting system access for employee accounts. Although the District reported it completed a review of its accounting system users' access with its IT vendor during fiscal year 2026, the District could not provide documented support of the review performed or any changes that resulted from the review. Further, as stated in recommendation 9, as of June 2026, we found that the District had granted administrator-level access to 2 District employees, and 3 District employees had more accounting system access than needed to perform their job duties. The District reported it will begin documenting its review of accounting system user access in fiscal year 2027, continue to review email change alerts for payroll, and develop a process to review email change alerts for accounts payable to ensure accounting system changes are being regularly reviewed for appropriateness. We will assess the District's efforts to implement this recommendation at the 36-month followup.

11. The District should develop and implement written policies and procedures to initiate automatic device locks after a defined period of inactivity.

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

  Our December 2024 review of the District's implemented inactivity timeout policy found that the District developed and implemented written policies and procedures to initiate automatic device locks after a defined period of inactivity on all District-wide devices.

12. The District should protect sensitive computerized systems and data by evaluating and implementing security measures, such as encryption, for its DNS servers.

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

  Our June 2026 review found that the District evaluated and implemented security measures for its DNS servers to protect sensitive computerized systems and data.

13. 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: **Implementation in process.**

  The District updated its IT contingency plan in August 2025, but the District's updated IT contingency plan continued to lack critical components. Specifically, the District's IT contingency plan does not address the order in which critical systems should be restored or criticality of the systems nor clearly outline who is responsible for which activities during a system outage or attack. Further, at the time of our followup review, the District had not performed documented tests against its updated plan. By lacking a complete IT contingency plan and not testing its plan, the District increases the risk of prolonged disruptions to District operations in the event of a prolonged system outage. District officials indicated they will update the District's IT contingency plan to include all critical components, present it to its Board for approval, and perform a documented test against the plan by July 2027. We will assess the District's efforts to implement this recommendation at the 36-month followup.

14. The District should develop comprehensive IT security policies and procedures in alignment with USFR requirements, and ensure they are consistently communicated to and implemented by staff to address any identified deficiencies and discrepancies in current operations.

- Status: **Implementation in process.**

  Since the prior initial followup, the District updated some of its IT security policies and procedures. Further, the District reported it developed a process to consistently communicate updates to its IT security policies and procedures to staff via email biannually. However, as described in recommendations 9, 10, and 13, we found that the District has not addressed all the IT deficiencies that the contract auditor identified during the performance audit. District officials reported that the District will continue to address the IT deficiencies identified and will update its annual required staff training to include a review of IT security policies and procedures. We will assess the District's efforts to implement this recommendation at the 36-month followup.