

Mammoth-San Manuel Unified School District

18-Month Followup of Performance Audit Report 24-213

The December 2024 Mammoth-San Manuel Unified School District performance audit found that the District spent less than peer districts on administration but lacked some required internal controls and did not comply with important IT security requirements, putting student safety, District property, and sensitive computerized data at risk. The CPA firm Walker & Armstrong, LLP, who conducted the performance audit under contract with the Arizona Auditor General, made **9** recommendations to the District.

District's status in implementing 9 recommendations

Implementation status	Number of recommendations
 Implemented	5 recommendations
 Partially implemented	2 recommendations
 Not implemented	2 recommendations

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the District's efforts to implement the recommendations from the December 2024 report.

Recommendations to the District

Finding 1: District lacked important internal controls in some areas, potentially increasing the risk to student safety and District property

1. The District should review personnel files for employees who are required to have background checks to ensure that all required checks have been completed and documented.

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

District officials reported that, as of March 2026, they had completed a review of all employee personnel files to verify that each file contained complete employment documentation, including any required background checks. In August 2026, we judgmentally selected and reviewed personnel files for 12 employees who were required to have background checks as a condition of District employment and found that all 12 files included evidence the District had conducted the required background check. The 12 personnel files we reviewed included 3 that had been previously found to lack required background check documentation.

2. The District should follow its process to complete an onboarding checklist for all newly hired employees.

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

District staff are required to complete a new-hire checklist for all newly hired District employees. Our review of personnel files for 5 District employees hired in calendar year 2025 found that each file contained a completed checklist, a completed Form I-9, and where required, a completed background check.

3. The District should develop and implement policies and procedures for training employees on required hiring documentation and document-retention time frames to comply with federal law and the *Uniform System of Financial Records for Arizona School Districts* (USFR).¹

▶ Status: **Partially implemented at 18 months.**

Since our prior initial followup, the District developed policies and procedures for training employees to comply with hiring-documentation requirements specified in federal law and the USFR. We also found that the District had provided such training to relevant employees in accordance with its new policies and procedures. However, the District's training did not cover information related to documentation-retention time frames. District officials indicated the District was in the process of updating its training with this information, which will be based on the District's current document-retention procedures. Our review of the District's hiring-documentation retention procedures found that they appear to comply with federal laws and the USFR.

¹ The Arizona Auditor General and ADE jointly developed the USFR pursuant to Arizona Revised Statutes §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.

4. The District should retain documentation in personnel files in accordance with applicable document-retention schedules.

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

District officials indicated the District retains all employee files for 7 years following an employee's termination from District employment. The District's practice appears to comply with applicable document-retention schedules and other applicable requirements. Additionally, as discussed in recommendation 1, we reviewed personnel files for 12 employees in August 2026 and found that each file contained hiring documentation, including I-9 forms and background checks as required by federal law and the USFR.

5. The District should develop and implement policies and procedures for monitoring and reviewing usage logs for all District vehicles that includes ensuring vehicles are used only for an authorized purpose.

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

According to District officials, all staff using a District vehicle are required to complete usage logs after each trip, including the driver, date of use, beginning and ending mileage, and purpose for using the vehicle. Additionally, they reported that the transportation supervisor reviews these logs monthly to ensure vehicles are used for authorized purposes. We reviewed usage logs from July to September 2025 for 5 of the District's 13 vehicles and found that District staff consistently filled out usage logs with all required information and the District conducted monthly reviews of the usage logs.

Finding 2: 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

6. 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 outside consultant's administrator-level access and business office employees' full access.

▶ Status: **Partially implemented at 18 months.**

As we reported in the prior followup, the District removed users' excessive access to its student information system. However, during this followup, we found that the District had not appropriately limited access to its accounting system and needs to take additional steps to address this recommendation. Specifically, in July 2026, we identified 4 accounting system users who had the ability to initiate and complete accounts payable and/or payroll transactions without another employee's involvement. After we brought these user accounts to District officials' attention in August 2026, the District appropriately limited 3 of 4 users' accounting system access to only what was necessary to perform their job duties. District officials indicated that they could not limit 1 user's excessive access to the accounting system's payroll functions due to

staffing constraints. District officials reported that the District would instead implement compensating controls, such as activating change alerts and secondary approvals, as required by the USFR to reduce the risk of improper or fraudulent payroll transactions.

7. 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: **Not implemented.**

Prior to our July 2026 review of the District's accounting system access, the District had developed written policies and procedures to assign and periodically review user access. However, as discussed in recommendation 6, the District's procedures were not sufficient to identify and address excessive user access to the District's accounting system. Additionally, the District's policies and procedures did not require the District to establish compensating controls when limiting system access is not feasible due to staffing constraints, which are required by the USFR to mitigate the risks associated with granting excessive system access. District officials indicated that they plan to develop and implement such compensating controls over the District's payroll process because they determined that 1 user requires broad access to payroll functions, as discussed in recommendation 6.

8. The District should immediately disable or remove all unnecessary user accounts in its network and implement a review process to ensure network access is removed immediately when an employee or vendor relationship is terminated.

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

Since the audit, the District implemented a process to remove network access when an employee or vendor relationship is terminated. Our September 2025 review of the District's network user accounts did not identify any user accounts belonging to terminated employees or vendors who no longer worked for the District.

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

▶ Status: **Not implemented.**

District officials have not updated the District's contingency plan to comply with USFR requirements and address deficiencies identified in the performance audit and our prior followup report. The District's contingency plan does not identify all critical systems, the order in which they should be restored and procedures for doing so, and who is responsible for performing various activities during a disaster. It also does not address continued operations during a system outage. Without a comprehensive and regularly

tested IT contingency plan aligned with USFR and credible industry standards, the District is at an increased risk of data loss and/or prolonged disruptions to its operations in the event of a system outage. When we discussed this issue with District officials in July 2026, they indicated they had not considered the extent of the plan's deficiencies. They also reported that they planned to update the District's contingency plan within the next few months.