

Stanfield Elementary School District

24-Month Followup of Performance Audit Report 24-206

The May 2024 Stanfield Elementary School District performance audit found that the District did not comply with important requirements and recommended practices in various areas, including travel reimbursements, accounts payable, and payroll, increasing the risk for errors, fraud, and improper payments. Additionally, the audit identified various IT deficiencies that increased the District's risk for unauthorized access to sensitive District information and data loss. Finally, the District did not fully comply with annual school bus driver drug-testing requirements and did not maintain all required school bus driver records, increasing risks to student safety. The consulting firm Sjoberg Evashenk Consulting, which conducted the performance audit under contract with the Arizona Auditor General, made **27** recommendations to the District.

District's status in implementing 27 recommendations

Implementation status	Number of recommendations
 Implemented	21 recommendations
 Partially implemented	1 recommendation
 In process	3 recommendations
 Not implemented	2 recommendations

We will conduct a 36-month followup with the District on the status of the recommendations that have not yet been implemented and the 3 additional recommendations we made to the District in this followup (see additional deficiency identified at the 24-month followup, page 10).

Recommendations to the District

Finding 1: The District did not comply with some school bus driver annual drug testing requirements or maintain all required bus driver certification documentation, increasing risks to student safety, and did not accurately report miles and riders for State funding purposes

1. The District should develop and implement a process to ensure school bus drivers complete annual drug testing in accordance with the State's *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards).

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

The District has developed and implemented a process to ensure its school bus drivers meet certification and testing requirements, including annual drug screenings. The District maintains a tracking spreadsheet that District officials review monthly to ensure that they are aware of and have time to address upcoming requirement deadlines. We reviewed the District's tracking spreadsheet, all files associated with current school bus drivers as of April 2025, and monthly transportation department meeting minutes from December 2024 through March 2025. We found that the District accurately tracked requirements and deadlines for each driver, discussed upcoming certification requirements in the monthly meetings, and had conducted annual drug screenings in accordance with the State's Minimum Standards.

2. The District should immediately review certification records for all drivers to ensure all required documentation is maintained by the District.

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

As discussed in recommendation 1, we found that the District had complete and accurate certification records for all current school bus drivers.

3. The District should annually review the Arizona Department of Education's (ADE) 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.**

We randomly selected 3 of the District's 6 school buses and verified that the District accurately transcribed miles traveled and riders transported by these vehicles for 2 weeks in October 2025 into the District's mileage and rider-tracking spreadsheet. Additionally, we reviewed the District's calculations for reporting miles traveled and riders transported for fiscal year 2026 and found the District accurately reported these figures 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: **Implemented at 6 months.**

The District recalculated its fiscal year 2022 miles driven and riders transported and submitted revised transportation reports to ADE that appeared to be accurate for funding purposes.

Finding 2: The District lacked sufficient internal controls in some areas, putting public monies at an increased risk of errors, fraud, and improper payments, and incorrectly classified its expenditures, potentially impacting the accuracy of its financial reporting

5. The District should modify and implement written procedures that provide effective internal controls over receiving processes to ensure compliance with the *Uniform System of Financial Records for Arizona School Districts* (USFR) and Board-approved policies, including processes for receiving services and to monitor and enforce staff compliance with the District's procedures.¹

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

District officials indicated that at least 2 business office employees are required to verify the date and quantity of goods and services received prior to the District issuing payment to the vendor, as required by the District's written purchasing procedures and voucher checklist. Our review of a judgmentally selected sample of 15 of 1,829 fiscal year 2026 purchases found that the District verified the date and quantity of goods and services received prior to paying invoices for all 15 purchases we reviewed.

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

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

The District has developed a process for providing periodic training on the District's purchasing and accounts payable processes throughout each fiscal year. The District provided training to employees responsible for purchasing and accounts payable processes in July 2024, June and July 2025, and January 2026.

¹ The Arizona Auditor General and ADE jointly developed the USFR pursuant to Arizona Revised Statutes §15-217. 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.

7. The District should retain adequate, accurate supporting documentation to demonstrate purchases were for an allowable District purpose and were paid for after the goods or services were received.

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

Our review of a judgmentally selected sample of 15 of 1,829 fiscal year 2026 purchases found that the District maintained supporting documentation to demonstrate that all 15 purchases were for an allowable District purpose and were paid for after the goods or services were received (see explanation for recommendation 5).

8. The District should continue reviewing historical use tax payments to identify other errors and take action to correct any past over- or underpayments identified.

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

As reported in the prior followup, the District indicated it had reviewed all its vendors to ensure that the use tax payment setting for each vendor was accurate and provided documentation showing that this setting was appropriately selected in its payment processing system. In September 2026, District officials reviewed all use tax payments it paid to the Arizona Department of Revenue (ADOR) between fiscal years 2022 through 2025. The District identified overpayments totaling \$1,946 and submitted a refund request to ADOR in September 2026.

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

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

The District has implemented a formal process to review and verify the accuracy of use tax payments when vendor accounts are established and on a monthly basis to ensure it remits use tax payments only when required to do so.

10. The District should continue requiring 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.**

District officials indicated that 1 business office employee was assigned responsibility for ensuring all card users complied with requirements to check out and return District credit cards for fiscal year 2026. Additionally, 2 different business office employees complete periodic reviews of the District's credit card logs to ensure all card users are complying with District procedures. Our review of the District's fiscal year 2026 credit card logs found that the logs required documentation of who used which credit card, the date the card was used, and the authorized District purpose for the purchase. All 16 entries on the fiscal year 2026 logs we reviewed were completed to include each of these components.

11. The District should implement protocols to monitor and enforce compliance with existing District credit card policies, including:

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

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

We reviewed all purchases from 2 judgmentally selected fiscal year 2026 credit card statements for each of the District's 2 credit cards, for a total of 11 purchases. We found that corresponding purchase orders were approved, or revised where applicable, prior to each of the 11 purchases, as required by District policies and procedures.

b. 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.**

See explanation for recommendation 10.

12. 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 completed a signed user agreement prior to using District credit cards.

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

District officials indicated all credit card users are required to annually complete training on the District's credit card procedures and sign a card-user agreement. The District provided documentation demonstrating all 5 fiscal year 2026 credit card users completed training on the District's credit card policies and procedures and signed a card-user agreement prior to using a District credit card.

13. The District should recoup the \$119 in travel reimbursements the District overpaid and review other lodging, meal, and incidental reimbursements paid since the beginning of fiscal year 2022 to ensure the District used the appropriate *State of Arizona Accounting Manual* (SAAM) reimbursement rates, and recoup any additional overpayments identified.

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

As reported in our prior followup, the District recouped the \$119 in travel reimbursements it overpaid in fiscal year 2022. District officials indicated they reviewed all lodging, meal, and incidental reimbursements paid in fiscal years 2023 and 2024 and did not identify any additional over- or underpayments. We judgmentally selected and reviewed 7 of 52 travel reimbursements the District paid to employees in fiscal years 2023 and 2024 totaling \$5,748 and found that the District used appropriate SAAM reimbursement rates for all 7 reimbursements we reviewed.

- 14.** 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.

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

District officials reported completing training on the USFR Chart of Accounts and working with consultants to appropriately classify expenditures in fiscal year 2026. Our review of 100 randomly selected fiscal year 2026 accounts payable expenditures totaling \$134,647 found that the District appropriately classified these expenditures. Similarly, our review of payroll expenditures totaling \$809,350 the District made for a judgmentally selected sample of 20 fiscal year 2026 District employees were also classified in accordance with the USFR Chart of Accounts.

Finding 3: The District did not comply with important payroll requirements and incorrectly calculated hours worked for some hourly employees, putting public monies at an increased risk of errors, fraud, and improper payments

- 15.** The District should develop formal, written policies and procedures for its payroll process in accordance with USFR requirements, including establishing maximum amounts of leave that employees may accrue, and provide training to staff on these policies and procedures to reduce the risk of errors and incorrect payments.

▶ Status: **Implementation in process.**

The District updated its payroll procedures documented in the District employee handbook, and the District's Governing Board (Board) approved the updated procedures in August 2026. Additionally, District officials reported they are updating the District's payroll policies to align with USFR requirements and will present the policies to the Board for approval by October 2026. However, our review of the District's updated payroll policies and procedures found that they continue to lack maximum compensatory time accruals, as recommended. District officials indicated this information was deliberately omitted from the District's updated policies and procedures because administrators limited District employees' ability to accrue compensatory time beginning in fiscal year 2026. Further, the District's updated procedures removed other types of maximum leave accruals, such as overtime and vacation, that were specified in the procedures we reviewed during our prior followup. We will assess the District's efforts to implement this recommendation at the 36-month followup.

- 16.** The District should ensure District procedures and employee handbooks align with Board approved policies, USFR requirements, and federal requirements, where applicable.

▶ Status: **Implementation in process.**

As discussed in recommendation 15, the District updated its payroll procedures and is in the process of updating the District's payroll policies. At the time of our review in August 2026, the District had not yet submitted the updated policies to the Board for approval. District officials indicated they plan to do so by October 2026. We will assess the District's efforts to implement this recommendation at the 36-month followup.

- 17.** The District should ensure it follows its payroll policies and procedures, including its procedures for authorizing overtime and compensatory leave and for calculating compensatory time accrual.

► Status: **Not implemented.**

The District did not consistently follow its payroll policies and procedures in fiscal year 2026. We judgmentally selected 4 District employees who accrued overtime and/or compensatory time across 4 pay periods in fiscal year 2026. For each of these employees, we reviewed supporting documentation such as time sheets, employment contracts, and compensatory time logs for all payments made during the pay periods we reviewed. We found that the District documented supervisory approval for all the payments we reviewed, as required by the USFR, but the review did not identify multiple errors affecting 1 employee's compensation. Specifically, we identified 1 overpayment of \$56 and 1 underpayment of \$35 the District made to 1 employee, resulting in a net overpayment of \$21.

Additionally, our review of the District's fiscal year 2026 compensatory time spreadsheet found that the District may have allowed another employee to take nearly 7 hours of compensatory leave that the employee had not earned. Our prior followup identified a similar error in which the District paid 1 employee overtime and provided compensatory time for the same hours worked.

The errors we identified appear to be related to the District's manual process for calculating and entering overtime and compensatory time into its payroll system. District officials reported that the District updated its payroll procedures in August 2026 and is continuing to update its payroll policies. We will assess the District's efforts to implement this recommendation at the 36-month followup.

- 18.** The District should ensure staff who are responsible for providing supervisory oversight ensure established policies and procedures are followed and enforced and payroll transactions are accurate and supported prior to authorizing payroll transactions.

► Status: **Not implemented.**

As discussed in recommendation 17, the sample of payroll records we reviewed contained errors that were not identified and corrected during the supervisory review process. As such, the District's supervisory review did not effectively ensure that payroll transactions, particularly those involving manual calculations and data entry, were accurate and supported. We will assess the District's efforts to implement this recommendation at the 36-month followup.

- 19.** The District should identify and correct over- and underpayments made to all current hourly employees and compensatory time balances from fiscal year 2022 to the present, including the over- and underpayments we identified.

► Status: **Partially implemented at 24 months.**

District officials indicated they recovered overpayments and addressed underpayments the District made to employees in fiscal year 2025. Additionally, District officials reported they have corrected all over- and underpayments identified during the audit. However, District officials indicated they do not plan to review all payments made to hourly employees and compensatory time balances between fiscal years 2022 through 2024 to identify and correct any erroneous payments, as recommended.

Finding 4: The 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

- 20.** The District should enforce strong password 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.**

Our May 2026 review of the District's network password requirements found that they continued to not align with credible industry standards as the District had not updated them since our prior followup. Subsequently, District officials reported that they updated the District's network password requirements in September 2026. We will assess the District's efforts to implement this recommendation at the 36-month followup.

- 21.** The District should develop and implement a policy and process to regularly perform, at least annually, detailed reviews of users' accounts and assessing their access level and need for network and accounting system 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: **Implemented at 6 months.**

Since the audit, the District has limited the functions that business office employees may perform in its accounts payable system so that no individual can independently initiate and complete a transaction without another individual's involvement. The District has also instituted a monthly process to review user activity within its accounting system and investigate any unexpected or unusual system activities, which helps to further reduce the risk of unauthorized activity. We reviewed 3 months of the District's fiscal year 2025 accounting system activities logs and found that the District followed its process to review the logs and investigate any unexpected or unusual system activities. Additionally, according to the District, it assesses user access levels at the beginning of each school year and has implemented a process to assign user access levels in both its network and accounting system based on job roles and responsibilities.

- 22.** The District should either cease the practice of keeping shared accounts associated with a terminated employee for the use of knowledge transfer because of the inherent risk associated with maintaining shared accounts or update the District's cybersecurity policy to specify conditions and requirements for the use of shared accounts and review these accounts regularly.

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

The District's cybersecurity policy details how shared accounts are documented and reviewed and what compensating controls are required to maintain these accounts' security. Our May 2025 review identified 1 shared account belonging to a terminated business office employee that was being used by the employee taking over the role, and we found that the District had handled this account in accordance with its policy.

- 23.** The District should standardize user access levels by job function to ensure access rights are consistently applied. Further, for current and future access, establish and review access by accounting system function.

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

The District has created a process to standardize user access levels by job function, and it has also implemented a form to help ensure access rights are consistently applied.

- 24.** 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 any deficiencies and document the test results.

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

In January 2026, the District updated its IT contingency plan to include the key components it was missing during the performance audit, including a requirement to annually test the plan. We found that the District tested its plan and documented the test results in September 2024, February 2025, and February 2026.

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

The District has implemented a process for monitoring change logs for their accounting system activities monthly. Through this review, the District is able to track events and detect malicious or fraudulent activity in a timely manner.

- 26.** The District should modify and implement written procedures that provide effective security and access controls over information technology to ensure compliance with the USFR, and develop a process to monitor and enforce staff compliance with the District's procedures.

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

As reported in the prior followup, the District developed written policies and procedures for user account security and access controls. District officials indicated they developed and implemented a monthly process for reviewing permissions assigned to all District network accounts beginning in fiscal year 2026. Our August 2026 review of the District's 52 active network accounts found that the District ensured that all 52 accounts complied with the District's policies.

Additional deficiency identified at the 24-month followup:

District did not enforce the terms of its agreement with a health clinic operating on its campus, including ensuring the agreement provides sufficient value to the District in accordance with State law

In January 2025, the District entered into a 10-year agreement with a community healthcare provider (clinic) to establish a community health facility on its campus. The agreement requires the District to provide the clinic with facility space, utilities, and some administrative assistance, such as identifying students who may benefit from healthcare services and securing parental/guardian permission prior to sharing referral information. In exchange, the clinic is not required to pay the District a rental fee but instead is required to provide medical, behavioral health, and dental services preferentially to District students and their families.

However, we found that the District did not consider the costs it incurred under the lease agreement, as required by State law, and it did not enforce requirements for the clinic to submit required service reports and verification that its staff is appropriately background checked, licensed, and credentialed.

Specifically:

► **District failed to track costs associated with the clinic and did not monitor the services the clinic provided to ensure the lease provided expected benefits**

Contrary to statute, the District has not ensured that its agreement with the clinic provides benefits to the District or that it at least covers the District's costs associated with the lease. When a school district leases school property to external parties, State law requires it to charge a reasonable use fee, which may include the value of goods contributed or services rendered to the district by the external party.² At a minimum, the school district should recover the costs of utilities, services, supplies, and/or staff it provides to the lessee pursuant to the terms of the lease.³ As previously discussed, in exchange for use of the District's facilities, the clinic is required to provide certain health-related services to District students and their families.

² A.R.S. §15-1105(A)

³ A.R.S. §15-1105(G)(3).

However, the District had not determined the costs associated with the clinic's use of the District's facility, including utilities and administrative staff time. The District also did not enforce requirements for the clinic to provide annual reports that describe the services provided to students, including outcome metrics. Without cost estimates and service reports, the District lacks support that its agreement with the clinic provides benefits to the District and is an appropriate use of District resources.

Moreover, the clinic reduced the number of days it operated each week in February 2026. However, as of September 2026, District officials, who reported being aware of the change, had not discussed the reduced hours with the clinic nor evaluated the potential impact on the clinic's services to District students and staff. Accordingly, the District has further increased the risk that any benefits the clinic provides to the District may not be adequate to ensure compliance with State laws for leasing District property.

► **District did not ensure the clinic complied with requirements that could impact student safety**

Under the agreement terms, the clinic is required to provide documentation to the District demonstrating that the clinic and its providers are appropriately insured, credentialed, and background checked. However, when we asked for this documentation during the followup, District officials indicated they had never requested nor received it from the clinic. By failing to enforce this requirement, the District potentially increased risks to student safety.

The District's superintendent indicated that there had been board member and staff turnover at both the clinic and District which contributed to the deficiencies we identified. She reported that she was unsure whether either party had thoroughly reviewed the contract and had been made aware of all its provisions. However, the superintendent signed the contract that is currently in effect and, as such, should have been aware of the requirements to meet regularly with clinic staff and to obtain required annual reports, and licensing and insurance information.

Recommendations to address additional deficiency identified in this followup review.

- 27.** Obtain and retain evidence of the documentation the clinic is required to provide to the District under the agreement, including licensure and professional insurance information, and verify that clinic staff possess current level one Arizona fingerprint clearance cards.
- 28.** Obtain required annual reports from the clinic that describe the services provided to students, including a narrative description and metrics indicating outcomes; use the reported information to determine whether the District is receiving reasonable value in exchange for the facility, utilities, and administrative staff time it provides the clinic.
- 29.** If the District determines that the clinic is not providing adequate value under its agreement or is failing to perform, address the District's concerns through the collaborative team meeting process outlined in the agreement and document the results. If the District's concerns are not resolved within the time frame specified in the agreement, work with legal counsel as needed to seek needed amendments to the agreement.