ARIZONA Auditor General
Making a Positive Difference

Baboquivari Unified School District

24-Month Followup of Performance Audit Report 24-210

The July 2024 Baboquivari Unified School District performance audit found that the District failed to maintain transportation records, limiting the scope of the review; spent nearly $500,000 on travel, including a substantial amount of travel that was unnecessary and potentially wasteful; limited public access to some Board meetings; operated schools below capacity; and failed to comply with requirements to protect students and safeguard public monies and sensitive computerized data. The CPA firm Walker & Armstrong, LLP, which conducted the performance audit under contract with the Arizona Auditor General, made **26** recommendations to the District.

District's status in implementing 26 recommendations

Implementation status	Number of recommendations
✓ Implemented	20 recommendations
– Partially implemented	6 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 July 2024 report.

Recommendations to the District

Scope limitation: District failed to maintain transportation records, limiting the scope of our contractor's review of school bus and fleet vehicle maintenance, inspection, and mileage documentation and procedures, and increasing its risk of undetected student safety concerns, fraud, waste, and misuse

1. The District should develop and implement policies and procedures to ensure that school buses are maintained in accordance with Minimum Standards, including establishing preventative maintenance requirements and maintaining records documenting activities such as required preventative maintenance and pretrip safety inspections.

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

  Since our prior initial followup, the District updated its preventive maintenance policy to include both time and mileage intervals to ensure it properly maintains all its school buses, including those that are used infrequently. We randomly selected and reviewed preventative maintenance services documentation for 3 of the District's 22 school buses used in fiscal year 2026 and found that the District had maintained all 3 school buses in accordance with its updated preventative maintenance policy. Additionally, the District updated its pretrip safety checklist to include all components required by DPS Minimum Standards. We reviewed January 2026 pretrip inspection checklists for the 3 school buses we reviewed for preventative maintenance and found that the District had used its updated checklist to complete pretrip safety inspections in accordance with Minimum Standards requirements.

2. The District should develop and implement policies and procedures for managing its fleet vehicles in accordance with the *Uniform System of Financial Records for Arizona School Districts* (USFR), such as requiring vehicles to be used only by authorized personnel and for authorized purposes, and requiring vehicle usage and the purpose of travel be documented and monitored.[1]

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

  District policy specifies that District vehicles should be used only for official work-related duties and approved District business and requires drivers to obtain prior approval for all trips. Our review of the District's white fleet vehicle records for May 2026 found that the District had documented and monitored its fleet vehicle use in accordance with its policy, including documenting the District purpose and approval for each trip.

[1] The Arizona Auditor General and 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.

Finding 1: District spent nearly $500,000 and significant staff time traveling for training and conferences, but travel expenditures did not always comply with State requirements and may not have provided intended benefits

3. The District should develop and implement travel policies and procedures to minimize travel expenditures in accordance with the *State of Arizona Accounting Manual* (SAAM), such as limiting participation at conferences to the fewest number of District personnel necessary to accomplish its objectives, opting to use more cost-effective alternatives such as virtual meeting attendance, and ensuring travel expenses do not exceed maximum allowable amounts.

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

  Our September 2026 review of the District's travel policies, procedures, and expenditures found that the District had implemented safeguards to reduce its travel expenditures and had reimbursed staff for travel in accordance with SAAM requirements. Specifically, the District's travel policies and procedures now require prior approval for all travel and for travel reimbursement requests to undergo a secondary review and approval to ensure they comply with District policies and SAAM requirements.

  We also found that the District had significantly reduced its travel expenditures since the July 2024 performance audit. In fiscal year 2026, the District spent approximately $60,500 on travel for District administrative staff and Governing Board (Board) members, which is substantially less than the $141,000 it spent during the audit year. We judgmentally selected and reviewed 5 travel reimbursements paid to Board members and employees in fiscal year 2026 totaling approximately $8,500 and found that all 5 reimbursements included evidence of the required prior approval in accordance with the District's policy. We also found that all 5 reimbursements we reviewed complied with SAAM requirements.

  The District could further strengthen its travel policies by incorporating additional cost-reduction considerations, such as limiting in-person conference attendance to essential personnel and encouraging virtual attendance where available.

4. The District should develop and implement procedures to ensure the District obtains and documents appropriate approvals in advance of making conference and related travel purchases, as required by the USFR and District policy.

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

  See explanation for recommendation 3.

5. The District should develop policies and procedures to ensure the District complies with the State Constitution's gift clause, such as documenting the public purpose and benefit the public is to receive in return for the cost of travel and sending personnel to conferences.

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

  The District has taken steps to ensure its travel complies with the State's gift clause. The July 2024 performance audit found that the District had allowed some employees to attend multiple sessions of an out-of-State training and had also paid for a nonemployee to attend the same training. The District could not demonstrate that these travel expenditures complied with the State's gift clause requirements and did not have an explanation of the public purpose and benefit achieved from the travel.

  Subsequently, the District follows a formal procedure that calls for the Superintendent to review travel requests and determine whether the travel aligns with the District's goals. Additionally, the procedure requires travelers who are planning to travel to out-of-State conferences to submit a memo to the Board outlining the public purpose and justification for the travel and to obtain Board approval. We reviewed 10 fiscal year 2025 travel requests, including 7 for out-of-State travel. We found that the Superintendent approved all 10 requests, and all 7 out-of-State travel requests included a memo to the Board documenting the travel's public purpose and justification in accordance with the District's formal procedures. Additionally, we reviewed all travel reimbursements the District paid between June 2024 and March 2025 and did not identify any scenarios like those identified during the audit.

6. The District should develop and implement procedures to ensure the District follows its policy to obtain prior approval from its grants director for allowability of costs under grants.

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

  We reviewed the approval documentation for 10 fiscal year 2025 travel requests and found that all had received prior approval from the District's grant director.

7. The District should develop and implement procedures that include a review of District employee and Governing Board member travel reimbursement requests to ensure reimbursements are paid only for authorized charges in accordance with District policy and SAAM.

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

  As discussed in recommendation 3, the District's travel policies and procedures now require prior approval for all travel and for travel reimbursement requests to undergo a secondary review and approval to ensure they comply with District policy and SAAM requirements.

8. The District should consult with legal counsel and seek reimbursement, as appropriate, from staff and Board members for travel expenses overpaid or not authorized under the District's travel policy.

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

  As discussed in our prior initial followup report, the District consulted with its legal counsel on the travel reimbursements identified in the July 2024 audit and recovered overpayments totaling $222 from Board members and District employees. In July 2025, the District's Board voted in a public meeting to no longer pursue recovering an additional $31 because it would not be cost effective to do so.

  The performance audit also identified 1 payment totaling approximately $456 that lacked documented prior approval and exceeded SAAM's maximum allowable nightly lodging rate. District officials reported that the $456 travel expenditure was associated with a conference the former superintendent attended where the former superintendent opted to travel a day earlier than necessary, resulting in excess travel costs. District officials indicated the District has attempted several times to collect this overpayment from the former superintendent, but has been unsuccessful.

  Our prior initial followup report also identified apparent excessive reimbursements totaling $88.50. Our conclusion that these payments appeared excessive was based on information and documentation the District provided to us about these specific reimbursements when we conducted our followup work. After we issued the initial followup report, the District further reviewed the apparent overpayments we identified and provided additional evidence for this followup to support that the District paid the reimbursements in accordance with SAAM.

  Finally, as discussed in recommendation 3, the District has implemented a secondary review and approval process for travel reimbursements to better ensure reimbursements are reasonable and allowable. Our review of 5 fiscal year 2026 travel reimbursements found that all 5 were accurately calculated and paid in accordance with SAAM limits.

Finding 2: Contrary to State open meeting laws, District held Governing Board meetings out of town, where they were not easily accessible to the public

9. The District should discontinue holding special meetings and Board retreats outside of the District's boundaries, which is contrary to the State open meeting laws and an unnecessary expense to the District.

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

  The District did not hold any Board meetings or retreats outside the District's boundaries in fiscal year 2025. Based on our review of all fiscal year 2025 Board meeting minutes, each of the Board's 7 special meetings and 4 retreat meetings were held in the board room of the District's administrative building.

10. The District should consult with legal counsel and the Arizona Attorney General's Office to ensure that any District actions taken contrary to open meeting laws are appropriately addressed to be made valid and the appropriate time frame that should be reviewed for such actions.

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

  District officials consulted with legal counsel in October 2024 and determined that the District may have violated open meeting laws during a June 2022 special Board meeting. Subsequent to its determination, the Board attempted to remediate the potential open meeting law violation it identified. Specifically, in November 2024, the District publicly posted the minutes of the June 25, 2022, special Board meeting and issued a public notice describing the actions the Board took during this special meeting potentially in violation of open meeting laws. At its November 2024 meeting, the Board publicly voted to ratify its past actions from the June 2022 special Board meeting. However the Board's ratification vote occurred more than 30 days after the District was notified of a potential open meeting law violation.[2] The District also reported its potential open meeting law violation and remedial actions to the Arizona Attorney General's Office in October 2025. The District reported it had not received a response from the Arizona Attorney General's Office as of October 2026.

Finding 3: District operates schools far below capacity and spends a substantial amount to maintain and operate facilities, reducing monies available for other District priorities

11. The District should evaluate how it allocates and uses space at its schools to identify and implement options to more efficiently use its facilities and reduce costs, which could include consolidating schools or programs.

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

  According to data from the Arizona Department of Administration's (ADOA) School Facilities Division as of October 2026, the District continues to operate its schools below their designed capacity, at approximately the same capacity usage as during the July 2024 performance audit. Additionally, the District has not formally evaluated the use of its space, as recommended. However, the District has taken steps to improve efficiency and reduce its operational costs. For example, the District reported adjusting the thermostats in unused classrooms to reduce costs by saving energy. Additionally, District officials indicated that they have worked with the ADOA's School Facilities Division to complete multiple infrastructure projects to reduce its operational costs, including roofing repairs, HVAC system upgrades, and renovations of the District's food service facilities.

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[2] For a public body, such as a school district, to ratify legal action taken in violation of the State open meeting laws, A.R.S. §38-431.05(B) contains 4 requirements, including that ratification must take place at a public meeting within 30 days after discovery of the violation or after such discovery should have been made by the exercise of reasonable diligence. The Board did not act to ratify the legal action taken until approximately 4 months after we published the July 2024 performance audit identifying the potential violation.

Our September 2026 review of the District's operational costs found that between fiscal years 2023 and 2026, the District had reduced its per student plant operations expenditures by approximately 35%, from $5,065 to $3,278. Despite these improvements, however, the District's plant operations costs continued to exceed those of its peer districts, which averaged $1,954 per student in fiscal year 2025—the most recent year for which peer spending data is available. Conducting a formal evaluation of its plant operations expenditures and the District's capacity utilization, as recommended, may help the District identify additional ways to reduce plant operations spending.

12. The District should analyze its expenditures for operating and maintaining its facilities to determine how monies are being spent, and identify and implement cost savings measures to redirect monies to other District priorities, such as instruction.

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

  See explanation for recommendation 11.

Finding 4: District lacked important internal controls in various areas, limiting transparency, potentially compromising student safety, and increasing the risk for payment errors and unauthorized purchases

13. The District should develop and implement procedures to ensure District employees and Governing Board members complete conflict-of-interest disclosure forms upon hire or the beginning of their term and annually thereafter in accordance with District policy.

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

  District officials reported that they prioritize collecting employee conflict-of-interest disclosure forms at the District's school year kickoff event and Board member forms in January each year, and follow up with employees and Board members to ensure all disclosure forms are completed and collected. We reviewed the District's fiscal year 2025 conflict-of-interest disclosure forms and found that all District employees and Board members had completed a form.

14. The District should develop and implement a process to timely review completed conflict-of-interest disclosure forms to identify and remediate disclosed conflicts of interest to comply with District policies and State conflict-of-interest laws.

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

  The District has developed processes for reviewing completed conflict-of-interest disclosures for employees and Board members and for identifying and remediating disclosed conflicts of interest. The District's process includes steps to avoid making purchases from vendors identified on employee and Board member disclosure forms and to make Board members aware of decisions before the Board that may involve their substantial interests. We reviewed the District's purchases and found that the District did not make any purchases from vendors for which potential conflicts were disclosed.

15. The District should develop and implement a process to ensure that all required personnel have a valid fingerprint clearance card, including monitoring and regularly reviewing and confirming the validity of employees' fingerprint clearance cards.

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

  Our September 2026 review found that the District developed a process to ensure all required personnel have a valid fingerprint clearance card. The District's process includes requiring new employees to have a valid fingerprint clearance card when they begin District employment and regularly monitoring and reviewing employees' fingerprint clearance cards to ensure they are valid. We randomly selected and reviewed personnel files for 10 District employees who were required to have a fingerprint clearance card and found that the District retained copies of valid fingerprint cards for all 10 employees.

16. The District should develop and implement written policies and procedures for payroll that include a thorough secondary review to verify the accuracy of personnel pay.

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

  District officials provided additional documentation mitigating the underpayments identified during the performance audit.

17. The District should identify and correct underpayments made to all current employees from fiscal year 2022 to the present, including the underpayments we identified.

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

  See explanation for recommendation 16.

18. The District should develop and implement processes for overseeing and enforcing the District's credit card use policy, such as updating the policy to require that credit card users repay the District for unsupported charges on its cards and limiting or revoking card privileges when credit card users do not comply with the District's policy.

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

  The District developed and implemented an oversight and enforcement process to ensure employees comply with its credit card use policy and updated its policy to reflect its new process. The policy assigns a District employee responsibility for overseeing credit card issuance and use. For example, District officials indicated that, prior to issuing a District credit card to a user, the employee responsible for overseeing credit cards ensures they have a signed user agreement form and reviews the reason the card is being checked out to ensure it is for a valid District purpose. The policy also specifies disciplinary actions the District may take when it identifies credit card misuse, such as requiring card users to repay the District for unsupported or unallowable charges and/or revoking a user's credit card privileges for repeated card misuse.

We judgmentally selected and reviewed 9 of 29 credit card purchases made between April 15, 2026, and May 6, 2026, and found that all 9 purchases complied with the District's policy, and the District retained the required supporting documentation for all the purchases we reviewed. Further, District officials stated that the District had not identified any improper credit card purchases since implementing its updated procedures. By consistently following its updated procedures, including taking disciplinary action when it identifies card misuse, the District helps ensure its cards are used only for authorized purposes and reduces its risk for fraud.

Finding 5: 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

19. 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 12 months.**

  The District has implemented password requirements for its critical systems that align with credible industry standards.

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

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

  The District has a process to review its password policy at least annually.

21. The District should ensure all District devices are compatible with the District's endpoint management system and monitored by IT personnel.

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

  The District implemented a third-party software program that is capable of monitoring devices previously identified as incompatible with the District's endpoint management system.

22. 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 employee's full access.

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

  Our September 2026 review of the District's accounting system found that the District had taken steps to reduce the number of accounting system users with more access than necessary to perform their job duties. However, 1 user continued to have administrator-level access, which gave them the ability to initiate and approve

purchases, add vendors to the system, and approve and pay invoices without another employee's review or approval. In October 2026, the District reported it had removed the employee's administrator-level access.

23. 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.

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

  The District developed procedures to assign and periodically review accounting system access to ensure that access is appropriate and limited to only the accounting system functions that employees need to perform their job duties. In February 2026, the District completed a review of accounting system user access and did not identify any employee accounts with excessive system access. However, as discussed in recommendation 22, our September 2026 review identified 1 employee with administrator-level access to the District's accounting system, which indicates the District's review procedures may not be sufficient to identify and remove excessive user access, and more diligence is needed.

24. 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 is terminated.

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

  The District implemented a process to ensure network access is removed immediately when an employee is terminated. Our March 2025 review of the District's network user accounts did not identify any user accounts belonging to terminated employees.

25. 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: **Implemented at 12 months.**

  In April 2025, District officials approved a newly developed IT contingency plan that includes all key components. The District tested the IT contingency plan and created an action plan to remedy deficiencies identified during the test.

26. The District should develop and implement written policies and procedures to limit physical access to sensitive IT equipment to only appropriate personnel, including procedures for distributing, tracking, and collecting keys, and requiring employees to sign agreements outlining their responsibilities for securing IT areas.

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

  As reported in our prior initial followup, the District opted to mitigate issues associated with maintaining and securing its own IT server equipment by contracting with cloud-based vendors to host its network and critical systems. As we reported in the initial followup, we found that the District's contract with 1 vendor that hosted a critical District system did not include terms specifying how the vendor would protect the District's data. As of September 2026, District officials reported that they are working with this vendor's legal team to update the contract to include specific provisions related to data security and backups.

  For the sensitive IT equipment that remains on the District's site, the District has taken steps to limit physical access to only authorized personnel. During our visit to the District in September 2026, we observed that server rooms were secured, and our review of the District's server room access logs found that all the entries on the logs were associated with employees authorized to access the server room.