



Bagdad Unified School District, #20

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"Home of the Sultans"

Lindsay Jeans, Administrative Assistant
Carl Peterson, Facilities/Trans. Director

www.bagdadschools.org

Mary Diehl, Finance Director / HR
Beth Cummins, IT Software Director
Randi Diskin, Student Activities / Website

Governing Board:
Amanda Armstrong, President
Natalie Webber, Clerk
Yady Carpenter, Member
Wayne Overson, Member

Superintendent:
Bryan Bullington

Tracie Loveall, Revenue / Purchasing
Gary Cummins, IT Hardware Director

June 15, 2022

Lindsey Perry
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry,

Bagdad Unified School District #20 has received and reviewed the Fiscal Year 2020 Performance Audit Report. The District would like share our appreciation to the audit team and the professionalism while conducting this audit. After considerable review and reflection, the District agrees with the findings and recommendations.

The District has implemented the recommendations and will work diligently to improve the processes and procedures as provided in the findings and look forward to working with the team in the follow-up period.

Please find attached the District's response to each finding and recommendations.

Sincerely,

Bryan Bullington
Superintendent

Finding 1: Contrary to State law, District failed to accept \$3.6 million during meetings open to public and entered into improper service proposals that superintendent drafted despite apparent substantial interest conflict

District Response:

The District agrees with the finding and submits that all budgets, expenditures, and cash balance reports pertaining to donations and contributions were reviewed and accepted during meetings open to the public.

Recommendation 1: The District should ensure it complies with State laws governing open meetings, conflicts of interest, and IGAs. Specifically:

Recommendation 1a: If the Governing Board accepts a contribution, including those from the mining company and any other gifts and donations, it should ensure the superintendent acknowledges the contribution's receipt, purpose, and value during meetings open to the public, regardless of a contributors' request to maintain privacy.

District Response:

The District agrees with the recommendation and has implemented acceptance of the contribution receipts on an annual and monthly basis during meetings open to the public as of June, 2021.

Recommendation 1b: District employees, including the superintendent, should ensure they follow the State conflict-of-interest law and District policy by following the practices they learned in the District-provided training (see recommendation 3), including describing their substantial interests on the District's conflict-of-interest form as required and refraining from participating in any decision, contract, sale, purchase, or service, such as drafting and revising a service proposal/agreement, for which they have a substantial interest.

District Response:

The District agrees with the recommendation and has implemented the corrective actions recommended.

Recommendation 1c: District employees should ensure District legal agreements with other school districts are written as IGAs specifying duration, purpose, manner of financing and budgeting, the permissible method(s) to be employed in terminating the agreement, and any other necessary and proper matters; and are reviewed by District attorneys for determination of whether the IGAs are in proper form and within the powers and authority granted under the laws of this State.

District Response:

The District agrees with the recommendation and has entered into an IGA of proper form reviewed and approved by District attorneys as of June, 2021.

Recommendation 2: The District should, in consultation with legal counsel, strengthen existing policies and develop and implement written policies and procedures governing open meetings, conflicts of interest, and IGAs in conformance with State law. These policies and procedures should specifically require the Governing Board to accept contributions in a meeting open to the public; disallow District employees from participating in matters for which

they have a substantial interest, including drafting and revising service proposals/agreements; and require agreements to comply with IGA statutory requirements.

District Response:

The District agrees with the recommendation and has implemented the recommendations as outlined.

Recommendation 3: The District should develop and provide periodic training on conflict-of-interest requirements, process, and disclosure forms to its employees on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

District Response:

The District agrees with the recommendation and has included unique programs, functions, and responsibilities in periodic training on conflict-of-interest requirements.

Recommendation 4: The District should include in its employee training information regarding the importance of complying with State laws related to open meetings and IGAs.

District Response:

The District agrees with the recommendation and has implemented employee training information regarding compliance with open meetings laws and Intergovernmental Agreements.

Finding 2: Despite USFR requirements, District did not safeguard donations, allowed users too much accounting system and network access, did not have an IT contingency plan, and misclassified expenditures

District Response:

The District agrees with the finding and has implemented procedures and strengthened staff training to adhere to the recommendations.

Recommendation 5: The District should separate custodial and recordkeeping functions among employees for items donated to the District and ensure that no one employee can receive and record donated items without an independent review.

District Response:

The District agrees with the recommendation and has implemented employee training to ensure all compliance with custodial and recordkeeping functions by all employees.

Recommendation 6: The District should ensure staff follow District procedures to collect signatures of students accepting donated items to provide evidence that donated items were used for their intended purpose.

District Response:

The District agrees with the recommendation and has implemented employee training to ensure compliance with custodial and recordkeeping functions by all employees.

Recommendation 7: The District should review accounting system users' access levels and limit users' access in the accounting system to only those functions needed to perform their job duties and ensure that no one employee can initiate and complete a process without an independent review and approval.

District Response:

The District agrees with the recommendation and has implemented procedures to review accounting system users' access levels to ensure compliance with the USFR.

Recommendation 8: The District should remove all unnecessary user accounts in its network and implement a review process to ensure that terminated employees' access is immediately removed.

District Response:

The District agrees with the recommendation and has implemented multi-step procedures upon each employee's separation of service to immediately remove access to user accounts and network privileges reserved for active employees.

Recommendation 9: The District should develop and implement an IT contingency plan that meets USFR requirements and test the plan at least annually to identify and remedy any deficiencies and document the test results.

District Response:

The District agrees with the recommendation and has developed, adopted, and implemented an IT Contingency Plan that meets USFR requirements.

Recommendation 10: The District should ensure staff responsible for classifying expenditures review the Uniform Chart of Accounts for school districts at least annually and any time it is revised or updated and implement its guidance to accurately account for and report the District's spending.

District Response:

The District agrees with the recommendation and has implemented procedures for review of the Uniform Chart of Accounts and updating expenditure accounting that will more accurately report the District's spending.

Finding 3: District did not comply with school bus driver random drug and alcohol testing and did not perform systematic bus maintenance, putting student safety at risk

District Response: The District agrees with the finding.

Recommendation 11: The District should develop and implement a random drug and alcohol testing policy in accordance with the State's Minimum Standards and conduct and document random drug and alcohol testing in accordance with its policy and the State's Minimum Standards.

District Response: The District agrees with the recommendation and will implement the necessary changes to meet the State's Minimum Standards for random drug and alcohol testing.

Recommendation 12: The District should research bus manufacturer preventative maintenance schedules and recommendations to develop and implement a documented bus preventative maintenance policy that states what preventative maintenance will be completed at what mileage and time frame and ensure mechanics perform and document bus preventative maintenance systematically and on schedule in accordance with the District's policy and the State's Minimum Standards.

District Response:

The District agrees with the recommendation and has implemented a comprehensive preventative maintenance and documentation schedule in accordance with the District's policy and State's Minimum Standards for school buses.

Recommendation 13: The District should research white activity bus manufacturer preventative maintenance schedules and recommendations to develop and implement a documented white activity bus preventative maintenance policy that states what preventative maintenance will be completed at what mileage and time frame and ensure mechanics perform and document white activity bus preventative maintenance systematically and on schedule in accordance with the District's policy.

District Response:

The District agrees with the recommendation and has implemented a comprehensive preventative maintenance and documentation schedule in accordance with the District's policy and activity bus manufacturer preventative maintenance recommendations.