

Bowie Unified School District

High teacher turnover and noncompliance with State's online instruction program requirements may have negatively impacted student achievement. In addition, District spent more on administration, plant operations, and food service than peer districts and did not generate revenues to cover community program costs—likely diverting monies from instruction.

Performance Audit

April 2021
Report 21-202

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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April 15, 2021

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board
Bowie Unified School District

Ms. Wendy Conger, Superintendent
Bowie Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Bowie Unified School District*, conducted pursuant to Arizona Revised Statutes §41-1279.03. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with all the findings and recommendations and plans to implement all the recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry, CPA, CFE
Auditor General

Bowie Unified School District

High teacher turnover and noncompliance with State's online instruction program requirements may have negatively impacted student achievement. In addition, District spent more on administration, plant operations, and food service than peer districts and did not generate revenues to cover community program costs—likely diverting monies from instruction.

Audit purpose

To assess the District's spending on administration, plant operations and maintenance, food service, and transportation and its compliance with certain State requirements.

Key findings

- In fiscal year 2018, no more than 11 percent of the District's tested students passed State assessments.
- District's high teacher turnover rate and only partial implementation of State online instruction program requirements may have negatively impacted student achievement.
- District spent over \$255,800 more on administrative staff than peer districts.
- District inefficiently spent at least \$121,200 on plant operations due to higher plant staffing than peer districts and operating schools substantially below designed capacities.
- District used less than 20 percent of its space, some of which District officials believe is unsafe.
- Inefficient food service practices likely diverted monies away from instruction or other priorities.
- District did not generate revenues to cover community program costs, entered an inequitable cost-sharing agreement, and may have paid another district thousands of dollars for inaccurate charges.

Key recommendations

The District should:

- Continue to implement steps that it has taken to improve student achievement.
- Develop and implement actions to improve teacher retention and ensure its online instruction program meets State accountability requirements.
- Reduce its administrative spending by assessing staffing and salary levels and determining how to reduce them to levels similar to peer districts'.
- Determine whether space is needed before spending to fix deficiencies and close excess space.
- Charge students correct meal prices and take other steps to control food service spending.
- Determine whether to continue operating community programs and, if it does, generate revenues to cover costs.



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Issue 1: District did not charge any tuition or fees or obtain grants or donations to cover the costs of its community preschool program and community pool use

District did not obtain required revenues for its community preschool program that it spent at least \$14,200 to operate

District did not charge required fees for community pool use that it spent over \$21,500 to operate

Recommendations

Issue 2: District entered an inequitable cost-sharing IGA for its sports programs and may have paid for student support services it did not receive in connection with another IGA, wasting thousands of dollars

District entered inequitable sports program cost-sharing IGA with another school district

District did not receive monies owed to it and may have paid for services not received because it did not track services provided to compare to billings

Recommendations

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Issue 1: District risked errors and fraud because it did not establish controls over some business and transportation processes

District's business manager was responsible for entire payroll process, which allowed him to pay himself without another employee's independent review and approval

One business office employee had sole control over 3 credit cards, increasing the risk of unauthorized purchases, errors, and fraud

Business office employees made some purchases without prior approval and paid for the purchases before documenting that the District had received them

District staff did not follow required cash-handling procedures, resulting in what appears to be missing cash, cash found in drawers, and increased risk of loss and theft

District misclassified over 10 percent of its operational expenditures, causing it to misreport its spending by operational category



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District failed to properly record and report its transportation program's miles and riders for funding

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District's student information and accounting systems were at risk of unauthorized access

Recommendations

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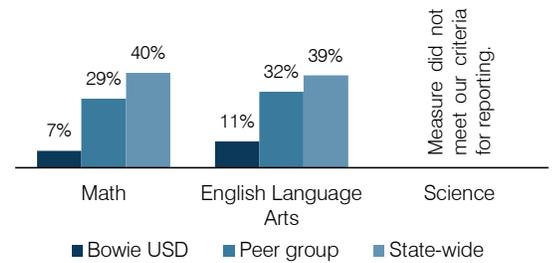
- 1 Estimated spending above peer averages resulting from administrative inefficiencies and severance payment
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Rural district in Cochise County
Grades: Kindergarten through 12th
Students attending: 60
Number of schools: 2
School letter grades: D¹

¹ ADE did not publish a letter grade or graduation rate for the high school.

Students who passed State assessments



Total operational spending—\$1.4 million (\$23,994 per pupil)

Instructional—31.4%
(\$7,530 per pupil)

Noninstructional—68.6% (\$16,464 per pupil)

Operational overview	Measure	Bowie USD	Peer average
<p>Administration—higher staffing and pay, costly community programs, and public monies and sensitive information at risk</p> <p>The District spent nearly 2.5 times more per pupil on administration than its peer districts averaged, primarily because it employed more administrative employees and paid them more than peer districts (see Finding 2, page 6). These inefficiencies along with a severance payment made to the former superintendent resulted in the District spending over \$255,800, or about \$4,260 per student, on administration that it could have spent on instruction or other District priorities. Additionally, District administrators did not thoroughly oversee the District's community programs and intergovernmental agreements with other school districts, losing thousands of dollars that it could have spent on K-12 instruction (see Finding 5, page 14). The District also did not comply with important requirements and standards, putting public monies and sensitive information at risk of errors, fraud, and unauthorized access (see Finding 6, page 18).</p>	Spending per pupil	\$8,853	\$3,674
<p>Plant operations—high spending due to high staffing and excess space</p> <p>The District spent more than double its peer districts' per pupil average, primarily because it employed more plant staff than peer districts and operated its 2 schools well below their designed capacities. Although the COVID-19 pandemic has resulted in new physical distancing guidance, even if the District adheres to this guidance, it will continue to operate a substantial amount of excess space, which will be a drain on the District's financial resources for years to come without changes in student enrollment or building capacity. These inefficiencies cost the District at least \$121,200 in fiscal year 2018 (see Finding 3, page 8).</p>	Spending per pupil	\$4,717	\$2,122

<p>Food service—high spending due to some inefficient practices</p> <p>Spending per meal could not be calculated because the District did not retain all records supporting the number of meals it served. Nonetheless, the District spent 33 percent more per pupil and subsidized its food service program by nearly \$43,200, in part because its inaccurate federal reporting may have resulted in lost revenues, it prepared some meals it wasted, it failed to request low-cost food from the federal government, and it did not charge students when they ordered second meals (see Finding 4, page 11).</p>	Spending per meal	NR ¹	\$5.79
	Spending per pupil	\$1,237	\$932
<p>Transportation—failure to properly record and report miles and riders did not allow for cost measures to be calculated</p> <p>In fiscal year 2018, the District did not accurately record and report to the State the number of miles it drove and the number of riders it transported in connection with its student transportation program. As a result, we could not calculate efficiency measures such as spending per mile, spending per rider, or miles per rider. The accuracy of the District's transportation funding it received from the State and local taxpayers also could not be verified because of the District's incomplete records and inaccurate reporting (see Finding 6, page 18).</p>	Spending per mile	NR ¹	\$1.94
	Spending per rider	NR ¹	\$1,614

Reducing its spending would allow District to redirect monies to instruction or reduce its levy on local property owners—If the District reduced its noninstructional spending, which it could do by addressing the inefficiencies identified in the operational areas above, which totaled at least \$377,000 in fiscal year 2018, it could redirect those monies every year to its instructional program and potentially increase its student achievement, which, as discussed in Finding 1 (see page 3), was very low. In fiscal year 2018, the District spent just 31.4 percent of its operational spending on instruction, which primarily includes teacher salaries and instructional supplies. This was much lower than its peer average of 50.5 percent and the State's 54.0 percent that year. Had the District redirected its inefficient and higher spending in noninstructional operational areas to instruction in fiscal year 2018, it could have spent over \$6,200 more per pupil. Alternatively, it could have reduced the levy on its local property owners, which was the 3rd highest in the State in fiscal years 2018 and 2019.²

¹ NR means the data needed to calculate the performance measure was not retained or not reliable. See Finding 4 on page 11 for more information on the District's food service data reliability and retention issues.

² Arizona Revised Statutes (A.R.S.) §15-949(A) allows a school district with 125 or fewer students in grades kindergarten through 8 and/or 100 or fewer students in grades 9 through 12, like Bowie USD, to levy an additional primary property tax on local property owners.



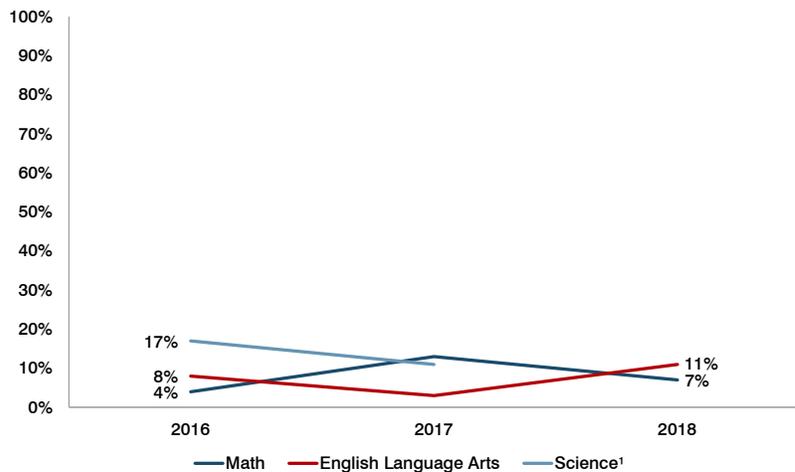
District has taken some steps to improve its educational program, but high teacher turnover and noncompliance with State’s online instruction program requirements may have negatively impacted student achievement

No more than 11 percent of the District’s tested students passed State assessments in fiscal year 2018, continuing trend of low passage rates

In fiscal year 2018, only 7 percent of the District’s students met State mathematics standards, and only 11 percent met State English Language Arts (ELA) standards, as measured by passing scores on the State’s assessments.³ The District’s mathematics passage rate was the 5th lowest in the State among school districts, and its ELA passage rate was the 9th lowest. Additionally, the District’s passage rates were the lowest among the 16 other unified, rural school districts in Arizona with poverty rates less than 19 percent.

As shown in Figure 1, the District’s students have passed State assessments at very low rates for the past few years. Fiscal year 2016 was the first year the District had reportable assessment-passage rates, using the State’s current assessments, for all 3 academic areas shown in Figure 1. During fiscal years 2016 through 2018, students’ passage rates on these assessments ranged from a low of 3 percent in fiscal year 2017 (ELA) to a high of 17 percent in fiscal year 2016 (science), indicating that during these 3 years, at least 4 out of every 5 students tested failed to meet State academic standards in each of these subjects.

Figure 1
Percentage of students who passed State assessments
Fiscal years 2016 through 2018
(Unaudited)



¹ The District’s fiscal year 2018 science test results did not meet our criteria for reporting.

Source: Auditor General staff analysis of fiscal year 2016 through 2018 test results on Arizona’s Measurement of Educational Readiness to Inform Teaching (AzMERIT) and Arizona’s Instrument to Measure Standards (AIMS).

³ Fiscal year 2018 is the most recent year for reportable student test results for the District. The District’s fiscal year 2019 test results did not meet our criteria for reporting because the population of test takers was too small or providing the information could identify individual student results. School districts were exempted from conducting State assessments at the end of the 2019-2020 school year (fiscal year 2020) because of the forced State-wide school closures in March 2020 due to the COVID-19 pandemic.

District has taken some steps to improve its student achievement and should continue to implement steps such as those it took in connection with its school improvement plan

Because the District's students had low academic achievement, the Arizona Department of Education (ADE), as required by the federal Every Student Succeeds Act, identified the District as needing comprehensive support and improvement and required the District to participate in a school improvement program to improve student achievement. Since at least fiscal year 2008, the District has participated in the improvement program, and each year, the District submitted a plan to ADE identifying areas to improve its educational program and student achievement. In recent years, focused areas included effective leadership, effective teachers and instruction, effective curriculum, and family and community engagement. ADE withdrew the District from the school improvement program in fiscal year 2020 when its fiscal year 2019 student passage rates on State assessments were no longer in the lowest 5 percent of Title I schools State-wide.⁴ However, the District's fiscal year 2019 passage rates on State assessments continued to be lower than peer districts' averages. Further, districts were exempted from conducting State assessments in fiscal year 2020 because of the COVID-19 pandemic, so student assessment data is not available to determine how the District's students are performing compared to their peers and whether the District's student achievement has continued to improve or has worsened. Therefore, although no longer required, the District should continue to focus on those areas and activities that it identified in its school improvement plan in an effort to improve its instructional program. District officials stated they plan to continue creating an annual improvement plan because it is a good practice that benefits students.

District's high teacher turnover rate may be negatively impacting student achievement

Teacher retention has been a significant issue at the District and may have negatively impacted student achievement. During fiscal year 2018, only 1 of the 4 regular education teachers from the prior year returned to the District and completed the school year. Further, between fiscal years 2014 and 2018, the District's teacher turnover rate was 91 percent. Specifically, the District employed 22 different teachers during this time, and 20 of them were not employed by the District at the end of fiscal year 2018. According to District officials, the District has struggled to find teachers who want to live or work in Bowie, which has made it difficult to attract and retain teachers. This high level of teacher turnover may contribute to challenges that negatively impact student achievement, such as disrupting staff cohesion and school climate; difficulty implementing or maintaining successful instructional programs; and placing more burden on returning teachers.

District's provision of online instruction without State Board of Education's (SBE) approval and accountability requirements may have negatively impacted student achievement

Another factor that may have negatively impacted its student achievement is its provision of online instruction to its high school students outside of the State's official online instruction program. A.R.S. §15-808, allows school districts, like Bowie USD, and charter schools to provide online instruction with SBE approval and oversight through the Arizona Online Instruction (AOI) program.⁵ According to the District's superintendent, in fiscal year 2014, the District began providing instruction to its high school students through online programs.⁶ It moved to online instruction because the format was less expensive than employing teachers at the District and because the District had difficulty finding teachers. In this format, a single paraprofessional monitored the classroom

⁴ Title 1 schools are those receiving federal financial assistance for children from low-income families to help ensure that all students meet State academic standards.

⁵ This program is separate from the distance learning that school districts have been providing because of the COVID-19 pandemic. Distance learning has its own requirements separate from the requirements for providing online instruction through the State's AOI program.

⁶ All high school students took online courses in a room at the high school. They may also have taken 1 or 2 in-person classes, specifically agriculture and mathematics.

and assisted students as they completed online instruction in several subject areas. However, the District's administrators at the time did not seek SBE's approval before providing online instruction. As a result, SBE could not evaluate whether the District's online program was designed to meet accountability standards, maintain the integrity of instruction, and ensure its effectiveness. Additionally, statute requires a probationary period in which school districts must demonstrate improved student achievement, requires districts to measure student achievement in a variety of ways, requires districts to maintain daily logs of students' instructional time, and includes stipulations for removing students from online instruction if their academic achievement declines. Because the District was not already implementing all the requirements of AOI, had it sought and obtained SBE approval through the AOI program, the additional accountability requirements may have improved its online instruction program and resulted in higher student achievement.

After we informed the District that it should have applied with SBE to participate in the AOI program, the District did so in June 2020, and SBE approved its application in August 2020 after working with the District to ensure that its proposed program was designed to meet AOI requirements. Additional AOI requirements that the District was not already implementing included measuring whether its students participating in online instruction demonstrated improvement in defined academic performance goals and defining a process for parents, teachers, and administrators to confer and evaluate participation in online instruction when students show an academic decline.

Recommendations

The District should:

1. Continue to implement steps such as those it took in connection with its school improvement plan or others it deems effective to improve its educational program and student achievement.
2. Develop and implement action steps to improve its teacher retention, including such steps as conducting teacher exit surveys and teacher satisfaction surveys to determine reasons teachers would continue working for the District and to address the reasons teachers leave the District.
3. Continue to work with SBE to ensure its online instruction program meets State accountability requirements.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.



District spent over \$255,800 more on administrative staff than peer districts—monies that it could have spent on instruction or other District priorities

In fiscal year 2018, Bowie USD spent \$8,853 per pupil on administration, which was 141 percent more than the 5 peer districts spent that had the most similar number of students as the District. The District spent significantly more because it employed more administrative staff and paid certain administrators more than peer districts. Additionally, the District’s Governing Board made a severance payout to a former superintendent, which contributed to the District’s higher administrative spending. Table 1 summarizes these administrative inefficiencies, along with the severance payout, and their estimated costs. If the District resolves these inefficiencies, in combination with not making future severance payments, it would reduce its annual administrative spending by an estimated \$255,800, or about \$4,260 per student—monies that it could spend instead on instruction or other District priorities.

Table 1
Estimated spending above peer averages resulting from administrative inefficiencies and severance payment
Fiscal year 2018

Spending above peer averages	Total	Per student
Higher administrative staffing	\$128,834	\$2,147
Higher superintendent compensation and severance payment	62,863	1,048
Higher business manager compensations	64,146	1,069
Total	\$255,843	\$4,264

Source: Auditor General staff analysis of fiscal year 2018 District-reported accounting data, staffing level surveys, and Arizona Department of Education student membership data.

District employed more administrative staff than peer districts at a cost of over \$128,800

The District spent more on administration partially because it employed more administrative staff than the 5 peer districts. Specifically, the District employed both a superintendent and a principal for slightly more than half the fiscal year, which none of the other peer districts did. When we asked the superintendent why the District employed both a superintendent and a principal for a district with only 60 students, the superintendent stated that the District’s Governing Board believed that the superintendent’s workload required a principal position to manage student discipline. Additionally, the District also employed more administrative clerks than its peer districts. Specifically, the District employed 1.5 full-time equivalent (FTE) administrative clerks, whereas its peers employed only 1 FTE administrative clerk. Had the District staffed its administration at the same level as the peer districts, it could have employed 1.5 fewer administrative employees and saved over \$128,800 in fiscal year 2018.

District paid certain administrators more than peer districts at a cost of over \$127,000

Governing Board made a severance payout to a former superintendent, which resulted in the District spending almost \$62,900 more for its superintendent position compared to peer districts—In fiscal year 2018, the District’s Governing Board contracted to pay its superintendent \$102,021

in salary. However, the superintendent resigned on January 10, 2018, having served less than 7 months of the fiscal year. Eight days later, the Governing Board's president signed a resignation and severance agreement that stated, "The District and employee agree that it would be in their mutual best interest to accept the employee's resignation." Upon the Board's approval of the resignation and severance agreement, the District, consistent with the agreement, made a \$51,010 severance payment to the former superintendent.

When the superintendent resigned, the Governing Board replaced him with the District's principal in March 2018. Upon her promotion to superintendent, the Governing Board incorporated the duties of principal into the superintendent's responsibilities, and the Governing Board increased her salary by \$8,100 to reflect her new duties. As a result, the District's Governing Board paid a total of \$164,623 for superintendent responsibilities in fiscal year 2018. That was \$62,863 more than the average paid to superintendents at the peer districts.

District paid its business manager \$64,150 more than what the peer districts paid their business managers, on average, and required fewer workdays—The District paid its business manager \$98,400 in salary and benefits in fiscal year 2018, which was almost 3 times what the peer districts paid for business manager services, on average. Three peer districts hired between a 0.5 and a 1 full-time business manager, and 2 districts did not hire a business manager at all and instead those services were performed by the superintendent as part of the duties of that position. As a result, the District paid \$64,150 more than its peer districts for business manager services in fiscal year 2018. Moreover, on average, the peer districts employed a 0.5 FTE business manager position whereas the number of contracted days the District's business manager was expected to work was equivalent to a 0.35 FTE position. The result was that on an hourly basis, the District's business manager's compensation was equivalent to nearly \$136 per hour compared to the slightly more than \$35 per hour average of business managers at peer districts.

Recommendation

4. The District should reduce its administrative spending by:
 - a. Assessing its administrative staffing levels and determining how to reduce to levels similar to its peer districts' averages.
 - b. Assessing its administrative salary levels and determining how to reduce to levels that are similar to those of its peer districts' averages.

District response: As outlined in its [response](#), the District agrees with the finding and recommendation and will implement the recommendation.



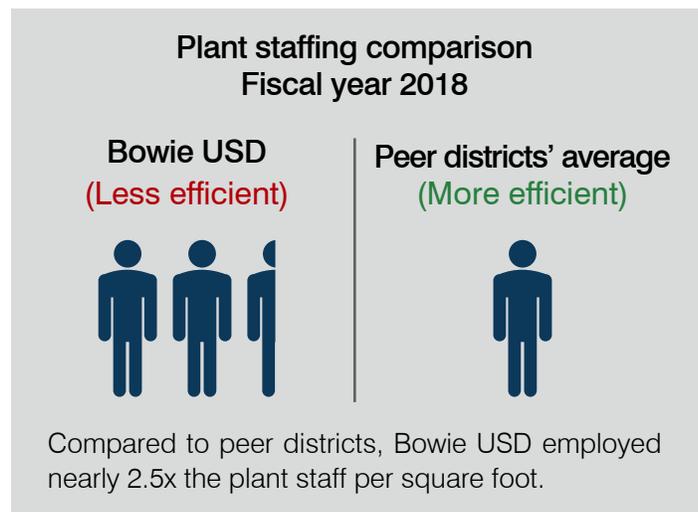
District spent more on plant operations than peer districts due to higher plant staffing and operating schools substantially below designed capacities, which resulted in inefficient spending of at least \$121,200

The District operates 2 schools on a single campus. In fiscal year 2018, it operated an elementary school serving students in grades prekindergarten through grade 8 and a high school serving students in grades 9 through 12. The District spent \$6.98 per square foot and \$4,717 per student on its plant operations. This spending was 7 percent and 122 percent higher than its peers', respectively.

District spent more than peer districts partially because it employed more plant staff

The District employed 1 FTE plant employee for every 12,128 square feet of building space it maintained, while the 5 peer districts that maintained the most similar amounts of square footage and had the most similar building ages as the District employed 1 FTE plant employee for every 29,917 square feet. In other words, the District employed nearly 2.5 times the plant staff on a per square foot basis compared to these 5 districts' average.

Had the District staffed its plant operations employees to maintain the same number of square feet as the peer districts, it could have employed 2 fewer employees and saved an estimated \$78,000 in plant operations salaries and benefits in fiscal year 2018. Additionally, if the District reduces its excess space as discussed in the next section, it would need even fewer plant operations employees and could save even more money that it could redirect to instruction or other District priorities.



District used less than 20 percent of its space, some of which may be unsafe according to District officials

District used less than 20 percent of the combined capacity of its 2 schools and could close 1 of them—In fiscal year 2018, the District operated its 2 schools far below their designed capacities, resulting in it operating and maintaining a substantial amount of excess space. Specifically, the District's schools had total capacity for 323 students but had only 60 students attending that year, meaning that the District used

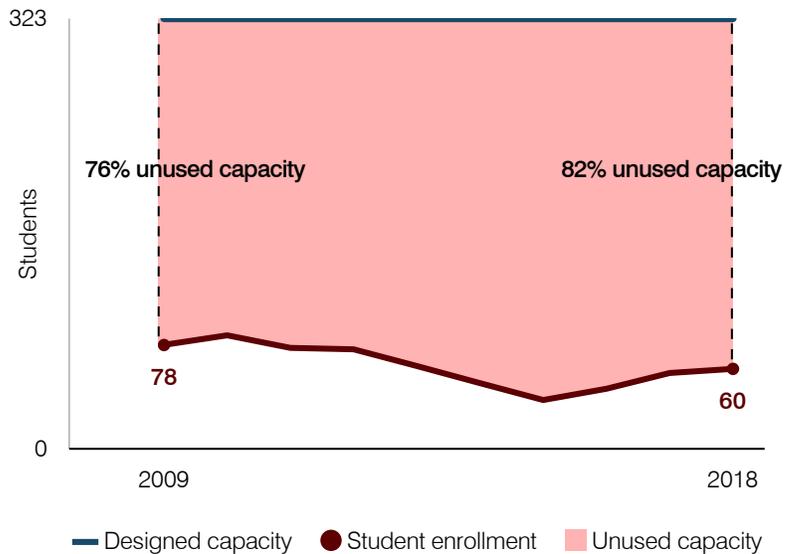
only 18 percent of its designed capacity while the remaining 82 percent of it went unused. More specifically, the District operated its elementary school at 51 percent of its designed capacity and operated its high school at only 9 percent of its designed capacity. The unused space was apparent when we visited the schools and observed many classrooms that were either empty or being used for storage. The District's operation of excess space is not a recent issue. As shown in Figure 2, between fiscal years 2009 and 2018, the District did not use more than 26 percent of its schools' designed capacities (fiscal year 2010) and used as little as 11 percent (fiscal year 2015).

Based on its 2 schools' designed capacities, in fiscal year 2018, all the District's students could have been accommodated at 1 or the other of the District's schools. Further, as discussed in Finding 1 (see page 3), all high school students took online courses in 1 room at the high school and used only 2 other rooms for in-person classes, specifically agriculture and mathematics. Even during the current COVID-19 pandemic for which ADE has issued physical distancing guidance to school districts, the District's need to reduce space remains.⁷ The District's enrollment as of November 2020 was 60 students, which means the District continues to use only 19 percent of its capacity. Therefore, the District has room to serve all its students at 1 school, close space at the other school, and follow ADE's physical distancing guidance.

The District's decision to maintain a large amount of excess space is detrimental because districts are funded primarily on the number of students they serve and do not receive any monies related to the amount of space they maintain. In fiscal year 2018, if the District had closed 1 school and accommodated all students at the other to the extent possible, and then went on to staff its plant operations employees at the same level as its peers on a per square foot basis, it could have saved between \$121,200 and \$143,200 depending on which school the District chose to close.⁸

Architectural firm identified building concerns, and District superintendent believes some building issues pose safety hazards for students—At the District's request, in June 2020 an architectural firm conducted an on-site assessment of the District's buildings, which identified concerns, including roof leaks, electrical system issues, and a nonfunctional sewage system, among others. The architectural firm's assessment stated that "The staff and students truly deserve better..." and "...no child should be subjected to the current conditions that exist." The following month, in a July 2020 Cochise County news article, the District's superintendent was reported as saying that the District has been battling a growing number of building issues for years and that

Figure 2
Schools' designed capacity compared to student enrollment
Fiscal years 2009 through 2018
 (Unaudited)



Source: Auditor General staff analysis of fiscal years 2009 through 2018 Arizona Department of Education student membership data and fiscal years 2009 through 2018 building capacity information from the Arizona School Facilities Board.

⁷ Arizona Department of Education, *Roadmap for Reopening Schools*, June 2020.

⁸ If the District closed its high school, some of its space likely would remain open and continue to be maintained because certain high school facilities, including its gymnasium, cafeteria, and auditorium, are shared by the elementary school.

some of the issues pose safety hazards to students.⁹ The architectural firm's findings and superintendent's statement further support the importance of reducing the District's excess space. Doing so would reduce the number of buildings that the District would need to maintain in safe working order for student use in the years to come. Further, although the District has applied for State Building Renewal Grant (BRG) monies from the Arizona School Facilities Board (SFB) to fund needed repairs and has been awarded monies for 3 projects, those awards have not yet been disbursed or spent. Before accepting and spending any BRG monies, the District should first determine whether it really needs the space where repairs are needed.¹⁰

Recommendations

5. The District should eliminate inefficient plant operations spending by:
 - a. Assessing its plant operations staffing levels and reducing to levels similar to its peer districts' averages.
 - b. Assessing its excess capacity and reducing it by closing space.
6. The District should determine whether it really needs the space where repairs are needed before accepting and spending BRG monies to fix deficiencies.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.

⁹ Curly, B. (2020, July 7). Architectural firm: Bowie schools are at the end of their 'useful life'. *Herald/Review*. Retrieved 7/13/2020 from https://www.myheraldreview.com/news/schools/architectural--rm-bowie-schools-are-at-the-end-of-their-useful-life/article_01f90898-c099-11ea-995a-cbad6b5127c9.html.

¹⁰ SFB was established in 1998 following an Arizona Supreme Court decision in a lawsuit that challenged Arizona's school construction funding system. Statute requires the SFB to administer 3 funds to address school districts' facility needs, including the Building Renewal Grant (BRG) Fund that provides monies to assist school districts with facility renovation and repair projects.



Some District food service practices likely diverted monies away from instruction or other District priorities

We identified 4 practices in the District’s food service program that likely contributed to the District having to subsidize its food service program in fiscal year 2018 with \$43,200 in other District monies that it otherwise could have spent on instruction or other priorities. Specifically, (1) the District’s inaccurate federal reporting may have resulted in lost revenues; (2) the District prepared some meals it never served, wasting food and District resources; (3) the District did not request available low-cost food from the federal government, increasing the District’s spending and food service subsidy; and (4) the District did not charge for second meals it served to students, further increasing its food service subsidy.

Inefficient practice 1: District’s inaccurate federal reporting may have resulted in lost revenues

The Arizona Department of Education’s (ADE) May 2018 review of the District’s food service program found that the District had made reporting errors for its April 2018 National School Lunch Program (NSLP) reporting—the federal program through which the District serves meals to its students and receives reimbursements based on whether students qualify to receive free-price, reduced-price, or full-price meals. According to ADE, the District inaccurately reported the meals it served by reimbursement categories. These types of reporting errors would have resulted in the District receiving inaccurate federal reimbursements. For example, as shown in the text box, if the District reported that it served a meal that it classified as free-price when it should have reported it as a full-price meal, the District would have received a \$3.31 federal reimbursement when instead it should have received only a \$0.39 federal reimbursement for the meal. Further, the District would have received more payment for the full-price meal had it actually charged for it rather than reporting it as a free-price meal. Specifically, the District would have charged the student \$3.50 for the meal, which was the full price the District charged students for a meal in fiscal year 2018, and would also have received the \$0.39 federal reimbursement, for a total of \$3.89—58 cents more than it received by misclassifying the meal as a free-price meal. This type of reporting error, which District officials believe occurred during fiscal year 2018, would have resulted in lost revenue for the District’s food service program and increased its food service program’s losses, thereby resulting in the District needing to use monies that it otherwise could use for instruction or other District priorities to cover the losses. The District did not determine the financial impact of these reporting errors on its food service subsidy and could not do so now because it did not maintain adequate records from fiscal year 2018.

District’s reimbursement rates from NSLP Fiscal year 2018

Free-price meals	\$3.31
Reduced-price meals	2.91
Full-price meals	0.39

Source: Auditor General staff analysis of fiscal year 2018 Federal Register data.

Inefficient practice 2: District prepared some meals but never served them, wasting food and District resources

During our observation of the District's cafeteria lunch service on 1 day in fiscal year 2019, we saw the District produce 57 lunches but serve only 43. Cafeteria staff indicated that the 14 unserved lunches—25 percent of the meals prepared that day—were thrown out after the lunch service. Preparing meals that it does not serve is wasteful and costly to the District because it does not receive revenues from purchases or federal reimbursements to cover the costs of preparing wasted meals.

According to cafeteria staff, in late fiscal year 2018 when the District began using an electronic point-of-sale (POS) system, it discontinued the practice of having classroom teachers take morning counts of students intending to purchase lunch in the cafeteria each day and reporting these counts to the cafeteria to base meal preparation on. Instead, the cafeteria supervisor indicated that the District began producing a similar number of meals daily based on cafeteria staff's knowledge of average lunch counts. However, it is unclear why the District abandoned its proactive practice of obtaining morning meal counts to inform the number of meals to prepare, especially given that the POS system was not being used for tracking expected meal counts.

During the day that we observed lunch service, the District's cafeteria supervisor indicated that the number of meals prepared but not served was typical. Therefore, the District's meal service program likely had wasteful spending. However, the District did not retain documentation required by the *Uniform System of Financial Records for Arizona School Districts* (USFR), which would have allowed it to determine whether its process in fiscal year 2018 of teachers taking morning lunch counts and reporting them to the cafeteria staff resulted in fewer meals being wasted than in fiscal year 2019. A process like the one the District purportedly used in fiscal year 2018 can be effective at limiting the number of meals made but not served if properly implemented, and the District should reimplement that process or another that is effective to reduce any wasteful spending and wasted food.

Inefficient practice 3: District did not request low-cost food available from federal government, which increased its spending and food service subsidy

The District participates in the NSLP, which allows it to obtain food at a low cost through the United States Department of Agriculture (USDA) Food in Schools program. Each year, ADE informs districts of the amount of food they are eligible to receive from the USDA. The food is free to districts, but they pay for shipping charges. However, despite being eligible for these USDA food allotments, the District did not request any of the \$1,300 in food it was eligible to receive in fiscal year 2018. Additionally, the District likely could have received more than the \$1,300 allotment because school districts are often eligible to receive more USDA food once they have claimed all their regular allotments. For example, the 4 other very small rural districts with the most similar student enrollments as the District that claimed USDA food beyond their regular allotments, claimed an additional \$795 in USDA food, on average. If the District had claimed an allotment of additional food similar to these 4 districts', it may have been able to reduce its total spending on food service by \$2,100 along with an associated reduction in its food service program subsidy.

District officials stated that they did not request any USDA food allocations because the District did not have enough freezer space to store frozen foods. However, they acknowledged that they could have requested dry foods for which the District was eligible because there was enough dry goods storage space. Additionally, the District did not determine whether there would have been enough space in the freezers had the District replaced the food it purchased at regular market prices with food that it obtained from the USDA. Further, the District did not analyze whether it would have been more cost-effective to purchase more freezer space to store the USDA foods rather than not to claim them.

Inefficient practice 4: District did not collect payment from students for second meals served to them, further increasing its food service program subsidy

During the day that we observed the District's lunch service, we saw 5 of the 38 students who purchased a lunch that day obtain a second lunch without being charged for it. The cafeteria employee acknowledged that she does not charge students for a second lunch because she believes they are hungry and there may not be much food in their homes. The District's superintendent stated that it was not District policy to provide second meals to students free of charge.

Based on the District's lunch prices, if the day we observed was a typical lunch service, the District may have failed to collect up to \$2,540 in fiscal year 2019 for second meals served. Students who receive free- or reduced-price meals through the NSLP must pay full-price for second meals, and the District cannot claim these meals for NSLP reimbursement.

Recommendations

The District should:

7. Charge students correct meal prices based on their NSLP reimbursement category and accurately report to ADE the number of meals by price category that it serves.
8. Have classroom teachers take morning counts of students intending to purchase lunch in the cafeteria each day and report these counts to cafeteria staff so they know how many meals to prepare or implement some other process that minimizes the number of wasted meals.
9. Maximize its use of available USDA food allotments, determine whether it should increase available freezer space to accommodate additional USDA food, and obtain additional freezer space, as appropriate.
10. Charge full price for any second meals that it serves students.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.



District did not generate revenues to cover costs for community preschool program and swimming pool use, and entered an inequitable cost-sharing agreement and paid for inaccurate charges, resulting in the loss of thousands of dollars

In fiscal year 2018, the District operated a community preschool program during the school year and a community pool during the summer. Additionally, the District entered into intergovernmental agreements (IGA) with neighboring school districts to cooperatively provide certain services, such as speech, psychological, physical therapy, special education, and extracurricular student sports. However, we identified 2 issues with the District's management decisions and oversight of these programs and agreements: (1) Despite spending at least \$35,700 in fiscal year 2018 to provide the community preschool program and swimming pool use, the District did not charge any tuition or fees for the services provided or obtain grants or donations to cover their costs, as required by statute, and (2) the District entered into an inequitable cost-sharing IGA with another school district and paid for inaccurate charges associated with this and another IGA. As a result of these issues, the District wasted thousands of dollars that it could otherwise have spent on its required kindergarten through 12th grade instructional program or other District priorities.

Issue 1: District did not charge any tuition or fees or obtain grants or donations to cover the costs of its community preschool program and community pool use

District did not obtain required revenues for its community preschool program that it spent at least \$14,200 to operate

In fiscal year 2018, the District offered a half-day community preschool program, which was open to any preschool-age child living within the District's boundaries or the boundaries of its 4 adjacent school districts, but did not charge any tuition or fees for attendees. Although federal law requires school districts to provide preschool for students with developmental delays, it does not require school districts to provide community preschool programs, like the District's, that are open to all preschool age students. According to District officials, the District has provided a community preschool program for over 20 years free of charge. They indicated that they provide community preschool to establish and maintain a pipeline of prepared students entering the District's kindergarten program.

According to a formal opinion issued by the Arizona Attorney General in 1982, "a community school program must be funded by fees, tuitions, grants, or donations, and ordinary school district funds may be used only for the employment of a qualified director."¹¹ Because the District did not charge tuition or fees or obtain grants or

¹¹ Op. Atty. Gen. No. I82-136. See also A.R.S §15-1142, which allows a school district governing board to establish and operate a community school program and establish tuition and fee charges for community school programs. In fiscal years 2018 through 2020, the District did not employ a director over its community preschool program.

donations to cover its costs as required, it used at least \$14,200 of District monies in fiscal year 2018 to pay for the preschool program.¹² Had the District instead spent these monies on its required K-12 instructional program, it would have spent at least an additional \$239 per K-12 student.

Further, the District did not achieve the intent of its community preschool program. In fiscal year 2018, 5 students enrolled in the District's preschool program; however, none of those students then went on to enroll in the District's kindergarten program the following year. Instead, District officials indicated that they believe the students enrolled in a neighboring school district's kindergarten program. According to District officials, the District has not tracked and monitored the costs and benefits of its community preschool program.

In fiscal years 2019 and 2020, the District changed its policy so that its preschool program was open only to preschool students living within the District's boundaries. The District currently does not operate a community preschool program in fiscal year 2021 because of the COVID-19 pandemic and the challenge of social distancing with preschool age children.

District did not charge required fees for community pool use that it spent over \$21,500 to operate

In the summer of fiscal year 2018, the District opened its pool daily to the public at no charge. According to District officials, the District has operated a community pool during summer breaks for over 50 years because it provides a sense of community and is one of the only summer entertainment sources in town. Although the District had charged entrance fees for the pool in the past, as required by statute, the District's decision in fiscal year 2018 not to charge fees for summer use of its pool resulted in it spending more than \$21,500 of District monies to operate the pool in fiscal year 2018.^{13,14} Had the District instead spent these monies on its required K-12 instructional programs, it would have spent an additional approximately \$360 per pupil.

District officials explained that the reason the District did not collect any pool entrance fees was because in the past there were problems with staff not collecting the entrance fees; therefore, the District decided to stop collecting them altogether. Additionally, the District's superintendent stated that in the past, some local area businesses had made financial donations to the District to help cover the costs of the community pool, but the District did not receive any donations in fiscal year 2018.

Recommendations

The District should:

11. Determine whether it should continue offering community preschool and, if it does, charge student tuition or obtain grants or donations that cover the costs of operating the program.
12. Determine whether it should continue to operate a community pool during the summer and, if it does, operate it in a self-supporting manner by implementing options such as charging entrance fees, collecting donations, or partnering with the Town of Bowie to cover the costs of the pool's summer operation.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.

¹² The District's spending of \$14,200 includes only salary and benefits costs of the community preschool program's 1 part-time employee and does not include spending on instructional materials used in the program or costs for heating, cooling, and maintaining the classroom space. Those items were not separately identified in the District's accounting data to allow us to include in this analysis.

¹³ A.R.S. §15-1105 requires school districts to charge a reasonable use fee for community use of their facilities.

¹⁴ The District's spending of \$21,500 includes lifeguard salaries and benefits, utilities, pool supplies, and telephone charges but does not include water charges for the pool because there was not a water meter that served only the pool.

Issue 2: District entered an inequitable cost-sharing IGA for its sports programs and may have paid for student support services it did not receive in connection with another IGA, wasting thousands of dollars

District entered inequitable sports program cost-sharing IGA with another school district

Because the District is a very small rural school district and had an enrollment of only 60 students in fiscal year 2018, it struggled to have enough student athletes to form its own high school sports teams. To overcome this challenge, it entered an IGA with another small neighboring school district to combine their student athletes to have large enough teams to compete in sports events. According to District officials, the District had an IGA with the 1 neighboring school district for at least the past 10 years. According to the other district's superintendent, when the 2 districts originally entered the IGA, the number of student athletes participating in sports between the 2 districts was roughly even. According to the IGA's terms, in fiscal year 2018, the 2 districts agreed to equally share costs of operating the combined sports program. These cost-sharing terms were the same as they had been since the agreement was first adopted when the number of athletes from each district originally participating in sports programs were reportedly similar. Therefore, each district paid \$38,880 to cover the sports program costs in fiscal year 2018. In the District's case, that was equivalent to \$2,287 per athlete per season.

District officials indicated that over the last 5 years, the number of the District's student athletes had declined while the number of student athletes at the neighboring district had increased—a situation that both districts' superintendents acknowledged. By 2018, the majority of students on the combined teams were students from the neighboring district. However, the District continued to enter into the IGA with the same terms, agreeing to share program costs equally.

Once we informed District officials about our concerns with the cost-sharing IGA terms, District officials determined that it was no longer in the District's best interest to renew the IGA and terminated the IGA with the neighboring district at the end of fiscal year 2019. The District entered into a new IGA with a different school district for fiscal year 2020, spending only \$250 per athlete per season to participate on high school athletic teams in fiscal year 2020. That is a savings of more than \$2,000 per athlete per season over its fiscal year 2018 agreement. These same terms continue for the current fiscal year 2021.

District did not receive monies owed to it and may have paid for services not received because it did not track services provided to compare to billings

In addition to the sports program IGA, in fiscal year 2018, the District also had an IGA with another school district to obtain special education and various other student services for its students. However, the District did not receive monies owed to it for 1 IGA, and District officials believe it paid for some services not received associated with the other IGA. These issues occurred because the District did not verify compliance with the 1 IGA's terms when the IGA was terminated and it did not track the services provided to compare to the billings associated with the other IGA.

District did not receive reimbursement for sports equipment upon IGA termination—As previously mentioned, in fiscal year 2018, the District spent \$38,880 in connection with its combined sports program IGA that it terminated at the end of fiscal year 2019. Despite a stipulation in the IGA that when it was terminated, the District should be reimbursed for the portion of the sports equipment it paid for, which totaled \$4,230, the District had not been reimbursed, nor did it take possession of any of the equipment when the IGA was terminated. Rather, according to the District's superintendent, the other district retained all the equipment. According to expense reports, the equipment included a scoreboard, volleyball uprights and winches, and football helmets

and protective pads. As a result of not retaining any of the equipment or seeking any reimbursement, the District shortchanged itself \$4,230, and its Governing Board should decide whether to work with its attorney to determine if it can still collect from the other district.

District officials do not believe the District received all special education and student services, yet the District paid for these services without tracking services rendered to compare to billings—The District also entered an IGA with a different school district for on-site psychological, speech and language, counseling, physical therapy, and special education services for its students. At the end of each quarter, the other school district billed Bowie USD for the services it had purportedly provided during the billing period, and Bowie USD paid the invoices in full. None of the invoices included a detailed explanation of charges, nor did the District track the services provided by the other district, such as which services were provided, when, and for how long. Despite not receiving or requiring these detailed records from the other school district, the District paid for these services. Since the District was charged based on a daily fee schedule by service type (psychological, counseling, physical therapy, etc.), that level of detail would have been necessary for the District's business office staff to verify that the \$73,100 it was charged and paid in fiscal year 2018 was appropriate and accurate. In fact, District officials believed the District did not receive some of the services it was billed for and paid for in fiscal year 2018.

Recommendations

The District should:

13. Thoroughly oversee all IGAs it enters with other school districts by ensuring the agreements are equitable to the District, that it is not inequitably paying costs associated with the IGAs, and that it is receiving any payments or equipment it is due upon termination of such agreements.
14. Have its Governing Board decide whether to work with its attorney to determine if the District can still collect monies or sports equipment due to it from the termination of the sports program IGA with the other district.
15. Require other districts that are charging it for services to provide detailed invoices with explanations of charges.
16. Track services it receives in connection with its IGAs, and compare them to invoices for accuracy prior to paying the invoices.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.



District's lack of compliance with important requirements and standards put public monies and sensitive information at an increased risk of errors, fraud, and unauthorized access

The District risked errors, fraud, and unauthorized access to sensitive information because it did not comply with important requirements and standards. Specifically, it did not establish controls over some business and transportation processes, and it did not implement business control requirements and information technology (IT) standards.

Issue 1: District risked errors and fraud because it did not establish controls over some business and transportation processes

District's business manager was responsible for entire payroll process, which allowed him to pay himself without another employee's independent review and approval

The *Uniform System of Financial Records for Arizona School Districts* (USFR), which all school districts are required to follow, requires districts to maintain separation of responsibilities over payroll processing so that the same employee is not assigned the responsibilities for preparing, authorizing, and distributing payments to employees. However, in fiscal year 2018, the District's business manager was the sole employee responsible for processing payroll, which allowed him to pay himself without another employee's independent review and approval despite the fact that the District had 2 other business office employees who could have been part of this process. For example, in fiscal year 2018, the District's business manager paid himself stipend payments totaling almost \$8,000 for his spouse's health insurance without any other employee reviewing or approving the payment. We reviewed accounting data and saw that the business manager also paid himself this stipend in fiscal years 2017 and 2019, totaling an additional \$15,668. Although the business manager's Governing Board-approved contracts stated that the District would provide health insurance for his spouse, a specific amount was not explicitly stated in the contracts. Further, the superintendent said she was not aware that the business manager had made these payments to himself. Despite his contract providing for health insurance for his spouse, he should not have been able to make these payments without another employee's review and approval. The fact that this occurred demonstrates the importance of the USFR's requirements to separate employee responsibilities over payroll to reduce the risk of errors or inappropriate payments being made.

One business office employee had sole control over 3 credit cards, increasing the risk of unauthorized purchases, errors, and fraud

Similar to payroll processing, the USFR requires responsibilities over credit cards to be separated among more than 1 employee and that credit card custodians and credit card users not be the same person. However, in fiscal

year 2018, 1 employee had sole control over 3 of the District's 17 credit cards. Specifically, the employee had the ability to use the cards to make purchases, record the purchases in the District's accounting system, reconcile purchase receipts to credit card statements, and issue payments to the credit card companies without another employee's independent review and approval. Because the District allowed the employee to have sole control over the credit cards, it increased the risk of errors and fraud without detection or paying for other unauthorized purchases.

Given the risk associated with the 3 credit cards, we sampled 1 of the 3 credit cards and reviewed all fiscal year 2018 credit card activity on it. For 1 of the monthly credit card statements, the District could not provide the statement. For the other monthly statements, District employees made no purchases and only made payments toward paying down the credit card's \$5,410 balance present at the beginning of the fiscal year. For the month covered by the missing statement, we could not review the propriety of any purchases that may have been made and whether they were made according to proper purchasing procedures. Further, although the USFR states that card balances should be paid in full and timely each billing cycle to avoid late fees and finance charges, the District spent about \$815 in late fees and finance charges before paying the card's balance in full in May 2018.

Business office employees made some purchases without prior approval and paid for the purchases before documenting that the District had received them

Our review of 30 fiscal year 2018 purchases found that District employees did not consistently follow purchasing requirements outlined in the USFR. Specifically, District employees made:

- 2 purchases without evidence of obtaining prior approval.
- 2 payments to vendors without first obtaining evidence that the District had received the purchases and that billings were accurate.
- 2 purchases and payments that failed to meet both requirements mentioned above.

Because District employees did not consistently follow proper purchasing procedures, the District risked making and paying for purchases that were not appropriate or that it had not received.

District staff did not follow required cash-handling procedures, resulting in what appears to be missing cash, cash found in drawers, and increased risk of loss and theft

District did not document or deposit all ticket sales—In fiscal years 2018 and 2019, the District collected cash from various sources, such as student club fundraisers, donations, and ticket and concession sales from athletic events, but District employees failed to follow the District's cash-handling procedures, including ensuring all ticket sales were documented and deposited. District procedures require ticket sellers to issue sequentially numbered tickets to each paid attendee at an athletic event and accurately record the tickets sold and total cash collected in a receipt book containing sequentially numbered receipts. However, our review of the 20 athletic events the District hosted in fiscal years 2018 and 2019, which District officials indicated entrance tickets were sold for, found that the District deposited \$1,973 in ticket sales revenues, but the District should have deposited \$2,269, or \$296 more than it did. The \$296 represents what appears to be missing monies for 103 tickets that, according to the District's ticket rolls, appear to have been issued, but the District did not document nor deposit associated revenues.

Additionally, District officials reported that in fiscal year 2018 they found cash totaling about \$300 in multiple desk and cabinet drawers used by a former business office employee. They indicated that they did not know the source of the cash because there were no records with it. This unexplained cash is further evidence that District employees were not following District cash-handling procedures that required them to document all cash

collections in receipt books with sequentially numbered receipts and prepare a deposit form that totals the cash collected.

District did not timely deposit cash—Although the District required its employees who collected cash to deposit it with the business office within 1 day, cash sales from 3 athletic events totaling \$420 were provided to business office staff 29 days or more after the events when they were collected in fiscal year 2018. The USFR requires school districts to deposit cash it collects from athletic events into a District bank account within 7 business days. Collecting and depositing monies significantly later than this puts these monies at risk for loss or theft and makes it more difficult for the District to ensure the appropriate monies were collected and deposited and to follow up on any questions.

District did not perform cash reconciliations—The District did reconcile ticket and concession sales to the number of tickets and concessions sold, sequentially numbered receipts, and cash deposits to verify that all cash the District deposited represented what should have been collected and deposited because it did not assign anyone this responsibility. The USFR requires that an employee who is not involved in handling cash perform this kind of reconciliation at least monthly.

If the District does not address these deficiencies, it will continue to be at an increased risk that the cash it collects could be lost or stolen.

District misclassified over 10 percent of its operational expenditures, causing it to misreport its spending by operational category

In fiscal year 2018, the District misclassified about \$150,000, or over 10 percent, of its \$1.4 million in operational spending because business office employees did not always adhere to expenditure classification guidance included in the Uniform Chart of Accounts for school districts. Specifically, the District did not accurately classify its expenditures in the correct operational categories, such as instruction, administration, plant operations, and student support. As a result, the District's *Annual Financial Report* and supporting accounting data did not accurately present the District's spending in these operational categories to the public and decision-makers who may rely on the report and data to know how the District spent its public monies in these areas. When we corrected these classification errors, the District's instructional spending as a percentage of total spending fell from 36.4 to 31.4 percent—a decrease of 5 percentage points, with most of the spending shifting to student support services. The dollar amounts used for analysis and presented in this report reflect the necessary adjustments.

District failed to properly record and report its transportation program's miles and riders for funding

Statute requires school districts to report to ADE the miles they drive to transport students to and from school and the number of eligible students they transport. However, many of the District's fiscal year 2018 mileage records used to support the miles it reported to ADE were incomplete or missing. Specifically, the District did not always record the miles it traveled for student transportation purposes and did not consistently record whether the miles it traveled were to transport students to and from school or to transport them to athletic events or field trips, or whether the miles traveled were for vehicle maintenance or, in some cases, for purposes unrelated to student transportation, like District business travel to out-of-town meetings. Reporting these miles accurately is important because miles districts travel to transport students to and from school are funded differently than other miles. Additionally, the District incorrectly reported its riders to ADE by reporting an estimate of students transported rather than the actual number of students it transported as required by A.R.S. §15-922. The District's inaccurate records appear to be the result of drivers not always completing records, not completing them accurately, and the business manager then reporting poor-quality data from those records to ADE.

Because the District did not have complete and accurate documentation of the actual number of miles it traveled and the number of students it transported, it is not possible to calculate key efficiency measures to assess the District's transportation program, such as the District's transportation spending per mile, spending per rider, or

miles per rider. Further, because the District did not have support for the number of miles and riders it reported, the District could not demonstrate that it received the proper amount of transportation funding.

Recommendations

The District should:

17. Separate responsibilities over payroll processing among more than 1 employee so that no employee is responsible for preparing, authorizing, and distributing payments without an independent or supervisory review.
18. Separate responsibilities over credit cards among more than 1 employee so that no employee can make purchases, record the purchases in the District's accounting system, reconcile purchase receipts to credit card statements, and issue payments to the credit card companies without another employee's independent review and approval.
19. Pay credit card balances in full each billing cycle and make timely payments to avoid late fees and finance charges.
20. Implement additional procedures to help ensure employees follow required purchasing procedures, including additional training or penalties for repeat offenses, among other options.
21. Ensure that athletic event ticket sellers accurately record the tickets they sold and total cash they collected and have another employee independently review this documentation to verify that all cash collected and deposited accurately reflects the number of tickets sold.
22. Implement additional procedures to help ensure that employees who collect cash deposit it at the business office within 1 day of collection, as required by District policy. Additional procedures may include additional staff training or penalties for repeat offenses, among other options.
23. Classify all transactions in accordance with the Uniform Chart of Accounts for school districts to ensure it accurately reports its spending.
24. Accurately record and report to ADE, for transportation funding purposes, the miles it drove in connection with its student transportation program, as well as the actual number of eligible students it transported.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.

Issue 2: District did not implement certain business control requirements and IT standards, which increased risk of unauthorized access to sensitive student and accounting information

Business manager had too much access to the District's accounting system

Business manager had more access than he needed to perform his job duties—Our February 2019 review of access levels for the District's 3 accounting system users found that the business manager had more access to the accounting system than he needed to perform his job duties. His level of access contrasted the computer security principle of least privilege, which is that users should have the least amount of access in a system necessary to complete their job responsibilities. He was able to initiate and complete payroll and purchasing transactions without any other employee reviewing and approving the transactions. Although we did not identify any improper transactions, the District unnecessarily risked that its business manager could commit

errors or fraud without being detected. For example, individuals with this level of access could process false invoices, change employee pay rates including their own, or add and pay nonexistent vendors or employees, without detection. In fact, this level of accounting system access contributed to his ability to pay himself almost \$8,000 without another employee's review and approval, as discussed earlier in this Finding (see page 18).

Business manager had administrator-level access to the accounting system—Further, we found that the business manager also had administrator-level access to the accounting system. Administrator-level access gave him full control over all system settings and the ability to add new users, as well as modify existing users' access levels. Users with administrator-level access can also grant themselves full access to view and edit all system information. When a district grants a business office user this access level, it increases its risk that that the user can commit errors and fraud. Instead, as required by the USFR to prevent unauthorized or fraudulent manipulation of applications or data, districts should separate key responsibilities like administrator-level control over the accounting system and the processing of accounting transactions between different employees. Specifically, the District should separate these responsibilities between IT personnel and accounting system users and remove administrator-level access from any employee in its business office.

District's student information and accounting systems were at risk of unauthorized access

District's student information system (SIS) passwords did not meet credible industry standards—Because the District's SIS passwords were weak, the District did not completely protect its students' sensitive information, including their grades, health records, and addresses contained in the District's SIS, against risk of unauthorized access. Our review of the District's password requirements in February 2019 determined that the District did not implement password policies over its SIS that met credible industry standards, such as those developed by the National Institute of Standards and Technology (NIST). Current District officials were not involved with implementing the SIS passwords that were in force in February 2019. After becoming superintendent in March 2018, the current superintendent did not review them until fiscal year 2020, by which time she was aware that SIS passwords needed to be strengthened based on our audit findings.

District maintained terminated user accounts in its SIS and accounting systems—Our February 2019 review of all 13 active user accounts in the District's SIS and all 4 active user accounts in its accounting system found that 2 SIS user accounts and 1 accounting system user account were linked to terminated employees. Although the District had a process to ensure that only current employees had access to its SIS and accounting system, its process did not always result in terminated employees being removed from these systems, thereby risking unauthorized access to its sensitive student and other District information.

Recommendations

The District should:

25. Limit accounting system users' access to only those functions needed to perform their job duties.
26. Remove administrator-level access to its accounting system from any employee in its business office and provide that access instead to an employee or authorized person outside of the business office, such as an IT administrator or employee.
27. Implement and enforce SIS password requirements that meet credible industry standards.
28. Implement additional procedures to ensure that terminated employees have their SIS and accounting system access promptly removed to reduce the risk of unauthorized access.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.



SUMMARY OF RECOMMENDATIONS

Auditor General makes 28 recommendations to the District

The District should:

1. Continue to implement steps such as those it took in connection with its school improvement plan or others it deems effective to improve its educational program and student achievement (see Finding 1, pages 3 through 5, for more information).
2. Develop and implement action steps to improve its teacher retention, including such steps as conducting teacher exit surveys and teacher satisfaction surveys to determine reasons teachers would continue working for the District and to address the reasons teachers leave the District (see Finding 1, pages 3 through 5, for more information).
3. Continue to work with SBE to ensure its online instruction program meets State accountability requirements (see Finding 1, pages 3 through 5, for more information).
4. Reduce its administrative spending by:
 - a. Assessing its administrative staffing levels and determining how to reduce to levels similar to its peer districts' averages (see Finding 2, pages 6 through 7, for more information).
 - b. Assessing its administrative salary levels and determining how to reduce to levels that are similar to those of its peer districts' averages (see Finding 2, pages 6 through 7, for more information).
5. Eliminate inefficient plant operations spending by:
 - a. Assessing its plant operations staffing levels and reducing to levels similar to its peer districts' averages (see Finding 3, pages 8 through 10, for more information).
 - b. Assessing its excess capacity and reducing it by closing space (see Finding 3, pages 8 through 10, for more information).
6. Determine whether it really needs the space where repairs are needed before accepting and spending BRG monies to fix deficiencies (see Finding 3, pages 8 through 10, for more information).
7. Charge students correct meal prices based on their NSLP reimbursement category and accurately report to ADE the number of meals by price category that it serves (see Finding 4, pages 11 through 13, for more information).
8. Have classroom teachers take morning counts of students intending to purchase lunch in the cafeteria each day and report these counts to cafeteria staff so they know how many meals to prepare or implement some other process that minimizes the number of wasted meals (see Finding 4, pages 11 through 13, for more information).
9. Maximize its use of available USDA food allotments, determine whether it should increase available freezer space to accommodate additional USDA food, and obtain additional freezer space, as appropriate (see Finding 4, pages 11 through 13, for more information).

10. Charge full price for any second meals that it serves students (see Finding 4, pages 11 through 13, for more information).
11. Determine whether it should continue offering community preschool and, if it does, charge student tuition or obtain grants or donations that cover the costs of operating the program (see Finding 5, pages 14 through 15, for more information).
12. Determine whether it should continue to operate a community pool during the summer and, if it does, operate it in a self-supporting manner by implementing options such as charging entrance fees, collecting donations, or partnering with the Town of Bowie to cover the costs of the pool's summer operation (see Finding 5, pages 14 through 15, for more information).
13. Thoroughly oversee all IGAs it enters with other school districts by ensuring the agreements are equitable to the District, that it is not inequitably paying costs associated with the IGAs, and that it is receiving any payments or equipment it is due upon termination of such agreements (see Finding 5, pages 16 through 17, for more information).
14. Have its Governing Board decide whether to work with its attorney to determine if the District can still collect monies or sports equipment due to it from the termination of the sports program IGA with the other district (see Finding 5, pages 16 through 17, for more information).
15. Require other districts that are charging it for services to provide detailed invoices with explanations of charges (see Finding 5, pages 16 through 17, for more information).
16. Track services it receives in connection with its IGAs, and compare them to invoices for accuracy prior to paying the invoices (see Finding 5, pages 16 through 17, for more information).
17. Separate responsibilities over payroll processing among more than 1 employee so that no employee is responsible for preparing, authorizing, and distributing payments without an independent or supervisory review (see Finding 6, pages 18 through 21, for more information).
18. Separate responsibilities over credit cards among more than 1 employee so that no employee can make purchases, record the purchases in the District's accounting system, reconcile purchase receipts to credit card statements, and issue payments to the credit card companies without another employee's independent review and approval (see Finding 6, pages 18 through 21, for more information).
19. Pay credit card balances in full each billing cycle and make timely payments to avoid late fees and finance charges (see Finding 6, pages 18 through 21, for more information).
20. Implement additional procedures to help ensure employees follow required purchasing procedures, including additional training or penalties for repeat offenses, among other options (see Finding 6, pages 18 through 21, for more information).
21. Ensure that athletic event ticket sellers accurately record the tickets they sold and total cash they collected and have another employee independently review this documentation to verify that all cash collected and deposited accurately reflects the number of tickets sold (see Finding 6, pages 18 through 21, for more information).
22. Implement additional procedures to help ensure that employees who collect cash deposit it at the business office within 1 day of collection, as required by District policy. Additional procedures may include additional staff training or penalties for repeat offenses, among other options (see Finding 6, pages 18 through 21, for more information).
23. Classify all transactions in accordance with the Uniform Chart of Accounts for school districts to ensure it accurately reports its spending (see Finding 6, pages 18 through 21, for more information).

24. Accurately record and report to ADE, for transportation funding purposes, the miles it drove in connection with its student transportation program, as well as the actual number of eligible students it transported (see Finding 6, pages 18 through 21, for more information).
25. Limit accounting system users' access to only those functions needed to perform their job duties (see Finding 6, pages 21 through 22, for more information).
26. Remove administrator-level access to its accounting system from any employee in its business office and provide that access instead to an employee or authorized person outside of the business office, such as an IT administrator or employee (see Finding 6, pages 21 through 22, for more information).
27. Implement and enforce SIS password requirements that meet credible industry standards (see Finding 6, pages 21 through 22, for more information).
28. Implement additional procedures to ensure that terminated employees have their SIS and accounting system access promptly removed to reduce the risk of unauthorized access (see Finding 6, pages 21 through 22, for more information).



Objectives, scope, and methodology

We have conducted a performance audit of Bowie Unified School District pursuant to A.R.S. §41-1279.03(A)(9). This audit focused on the District's efficiency and effectiveness primarily in fiscal year 2018 in the 4 operational areas bulleted below because of their effect on instructional spending, as previously reported in our annual report, *Arizona School District Spending*. Additionally, we reviewed factors affecting the District's instructional program. This audit was limited to reviewing instructional and noninstructional operational spending (see textbox), as well as spending related to the District's community school operations.¹⁵ Instructional spending includes salaries and benefits for teachers, teachers' aides, and substitute teachers; instructional supplies and aids such as paper, pencils, textbooks, workbooks, and instructional software; instructional activities such as field trips, athletics, and co-curricular activities, such as choir or band; and tuition paid to out-of-State and private institutions. Noninstructional spending reviewed for this audit includes the following:

Operational spending

Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with acquiring capital assets (such as purchasing or leasing land, buildings, and equipment), interest, and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

- **Administration**—Salaries and benefits for superintendents, principals, business managers, and clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other spending related to these services and the governing board.
- **Plant operations and maintenance**—Salaries, benefits, and other spending related to equipment repair, building maintenance, custodial services, groundskeeping, and security; and spending for heating, cooling, lighting, and property insurance.
- **Food service**—Salaries, benefits, food supplies, and other spending related to preparing, transporting, and serving meals and snacks.
- **Transportation**—Salaries, benefits, and other spending related to maintaining buses and transporting students to and from school and school activities.

Financial accounting data and internal controls—We evaluated the District's internal controls related to expenditure processing and scanned all fiscal year 2018 payroll and accounts payable transactions in the District's detailed accounting data for proper account classification and reasonableness. Additionally, we reviewed detailed payroll and personnel records for 30 of the 36 individuals who received payments in fiscal year 2018 through the District's payroll system, reviewed supporting documentation for 30 of the 1,756 fiscal year 2018 accounts payable transactions, and reviewed supporting documentation for 2 of the District's 4 intergovernmental agreements. After adjusting transactions for proper account classification, we reviewed fiscal year 2018 spending and prior years' spending trends across operational categories to assess data validity and identify substantial

¹⁵ Community schools include the costs incurred for the purpose of academic and skills development for all citizens in accordance with A.R.S. §15-1141.

changes in spending patterns. We also evaluated other internal controls that we considered significant to the audit objectives including controls over cash handling and credit card purchases and controls over transportation and food service program requirements. This work included reviewing the District's policies and procedures and, where applicable, testing compliance with these policies and procedures; reviewing controls over the District's relevant computer systems; and reviewing controls over reporting various information used for this audit. We reported our conclusions on any significant deficiencies in applicable internal controls and the District's needed efforts to improve them in our findings.

Peer groups—We developed peer groups for comparative purposes. To compare the District's student achievement, we developed a peer group using district poverty rates as the primary factor because poverty rate has been shown to be associated with student achievement. District type and location were secondary factors used to refine this group. The District's peer group included the District and 16 other unified school districts located in towns and rural areas and with fiscal year 2017 poverty rates less than 19 percent. We used this peer group to compare the District's fiscal year 2018 student passage rates on State assessments as reported by the Arizona Department of Education (ADE). However, for very small districts such as Bowie USD, year-to-year changes in student populations can greatly impact year-to-year student test scores. We also reported the elementary school's fiscal year 2018 ADE-assigned school letter grade. To compare the District's operational efficiency in administration and plant operations and maintenance, we developed peer groups consisting of districts that were the most similar in size (number of students) to the District. We were unable to compare the District's operational efficiency in food service and transportation to peer districts' because the District did not maintain all records pertaining to important factors such as the number of meals it served, student transportation program miles it traveled, and riders it transported.

Efficiency and effectiveness—In addition to the considerations previously discussed, we also considered other information that impacts spending and operational efficiency and effectiveness as described below:

- **Interviews**—We interviewed various District employees in the scoped operational areas about their duties. This included District administrators and support staff who were involved in activities we considered significant to the audit objectives. To further assess the District's instructional program, we interviewed District officials and Arizona State Board of Education officials.
- **Observations**—To further evaluate District operations, we observed various day-to-day activities in the scoped areas. This included facility tours, food service operations, and transportation services.
- **Report reviews**—We reviewed various summary reports of District-reported data including its *Annual Financial Report*, District-wide building reports provided by the School Facilities Board, transportation route reports provided by ADE, transportation safety reports provided by the Department of Public Safety, and reports required for the federal school lunch program. Additionally, we reviewed food-service-monitoring reports from ADE and District-submitted compliance questionnaire results that its contracted external audit firm completed. To further assess the District's instructional program, we reviewed the District's instructional improvement plan and obtained letter-grade point scores and student academic assessment results from ADE.
- **Analysis**—We reviewed and evaluated fiscal year 2018 spending on administration, plant operations and maintenance, food service, and transportation and compared it, when possible, to peer districts'. We also reviewed and compared the District's administrative and plant operations staffing to its peers', as well as compared the designed capacity of the District's 2 schools to its enrollment to determine how efficiently the District used its space. Additionally, we analyzed various documents demonstrating the District's level of internal control over payroll, purchasing, cash handling, bus driver certification, and bus preventative maintenance. We also reviewed the District's food service revenues compared to its costs. Further, to assess the District's instructional program, we compared student passage rates on Arizona's academic assessments over time and to peer districts'.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to

be projected to the entire population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE



Bowie Unified School District #14
Office of the Superintendent

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Where responsible, inquisitive learning begins...

March 26, 2021

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

Dear Mrs. Perry,

The Bowie Unified School District respectfully submits its response to the performance audit report conducted for fiscal year 2018. The Bowie Unified School District would like to thank Mr. John Ward and his team for their support during the auditing process.

The District concurs with the findings and recommendations resulting from the audit. Bowie Unified School District continually strives to perform at the highest levels of academic and fiscal management.

If you have any questions about the District's response, please feel free to contact me.

Sincerely,

Wendy Conger, Superintendent

Wendy Conger, Superintendent

William Benning, Business Manager

Michael Myers, President

Jeff Goodman, Vice President

Ricardo Portugal, Member

John Klump, Member

Riley Klump, Member

Finding 1: District has taken some steps to improve its educational program, but high teacher turnover and noncompliance with State’s online instruction program requirements may have negatively impacted student achievement

District Response: The District agrees with the finding.
The District has already implemented the following recommendations.

Recommendation 1: The District should continue to implement steps such as those it took in connection with its school improvement plan or others it deems effective to improve its educational program and student achievement.

District Response: The District agrees with the recommendation and will implement the recommendation.

The school district has a current school improvement plan that is submitted to the Arizona Department of Education. This plan involves all stakeholders and is regularly updated and reviewed. The District adopted the Beyond Textbooks curriculum. This will ensure teachers implement a uniform curriculum across all grade levels.

Recommendation 2: The District should develop and implement action steps to improve its teacher retention, including such steps as conducting teacher exit surveys and teacher satisfaction surveys to determine reasons teachers would continue working for the District and to address the reasons teachers leave the District.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will conduct teacher exit surveys with the Superintendent. The District will conduct teacher satisfaction surveys annually.

Recommendation 3: The District should continue to work with SBE to ensure its online instruction program meets State accountability requirements.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will continue to work with the State Board of Education to ensure its online instruction meets State accountability requirements. Bowie High School received its approval for Arizona Online Instruction in August of 2020. In addition, the District utilizes Edgenuity online curriculum which ensures highly qualified teachers (in Arizona) for all subjects.

Finding 2: District spent over \$255,800 more on administrative staff than peer districts—monies that it could have spent on instruction or other District priorities

District Response: The District agrees with the finding.
The District will implement the following recommendation.

Recommendation 4: The District should reduce its administrative spending by:

Recommendation 4a: Assessing its administrative staffing levels and determining how to reduce to levels similar to its peer districts’ averages.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has implemented the following recommendation. The District has reduced its administrative staff by 1.0 FTE and will continue to explore administrative staffing reductions in order to maintain staffing levels in relation to peer districts.

Recommendation 4b: Assessing its administrative salary levels and determining how to reduce to levels that are similar to those of its peer districts' averages.

District Response: The District agrees with the recommendation and will implement the recommendation.

In a prior year, the Superintendent resigned and the Board provided severance pay that was not included in the contract. The District no longer has the practice of paying severance payments that are not included in employee contracts. The District is now offering the business manager salary comparative to peer districts. In addition, the business manager is now required to be on site and work forty hours a week.

Finding 3: District spent more on plant operations than peer districts due to higher plant staffing and operating schools substantially below designed capacities, which resulted in inefficient spending of at least \$121,200

District Response: The District agrees with the finding.
The District will implement the following recommendations.

Recommendation 5: The District should eliminate inefficient plant operations spending by:

Recommendation 5a: Assessing its plant operations staffing levels and reducing to levels similar to its peer districts' averages.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District is continuing to assess plant operations staffing levels. The District has reduced the staffing levels by 1.0 FTE.

Recommendation 5b: Assessing its excess capacity and reducing it by closing space.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will move forward with assessing and evaluating space that is not utilized.

Recommendation 6: The District should determine whether it really needs the space where repairs are needed before accepting and spending BRG monies to fix deficiencies.

District Response: The District agrees with the recommendation and will implement the recommendation.

The BRG monies are being spent on buildings that are being used. Bowie USD will continue to assess further BRG grants.

Finding 4: Some District food service practices likely diverted monies away from instruction or other District priorities

District Response: The District agrees with the finding.
The District will implement the following recommendations

Recommendation 7: The District should charge students correct meal prices based on their NSLP reimbursement category and accurately report to ADE the number of meals by price category that it serves.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will ensure students are charged correct meal prices based on their NSLP reimbursement category. In addition, the meal counts will be accurately reported based on the appropriate category.

Recommendation 8: The District should have classroom teachers take morning counts of students intending to purchase lunch in the cafeteria each day and report these counts to cafeteria staff so they know how many meals to prepare or implement some other process that minimizes the number of wasted meals.

District Response: The District agrees with the recommendation and will implement the recommendation.

The teachers now take written counts in the morning, for breakfast and lunch, and provide this information to the Cafeteria staff. Cafeteria staff now prepare only the number of meals indicated from the teacher count.

Recommendation 9: The District should maximize its use of available USDA food allotments, determine whether it should increase available freezer space to accommodate additional USDA food, and obtain additional freezer space, as appropriate.

District Response: The District agrees with the recommendation and will implement the recommendation.

Moving forward, the District will implement requesting its USDA food allotments. The District now has freezer storage capacity to accept these commodities. The District has space to request dry food allotment.

Recommendation 10: The District should charge full price for any second meals that it serves students.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will ensure students are charged full price for second meals.

Finding 5: District did not generate revenues to cover costs for community preschool program and swimming pool use, and entered an inequitable cost-sharing agreement and paid for inaccurate charges, resulting in the loss of thousands of dollars

District Response: The District agrees with the finding.
The District agrees with the finding and will implement the recommendations.

Recommendation 11: The District should determine whether it should continue offering community preschool and, if it does, charge student tuition or obtain grants or donations that cover the costs of operating the program.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District is evaluating whether or not to continue offering the community preschool. This will be brought to the school board's attention in May 2021.

Recommendation 12: The District should determine whether it should continue to operate a community pool during the summer and, if it does, operate it in a self-supporting manner by implementing options such as charging entrance fees, collecting donations, or partnering with the Town of Bowie to cover the costs of the pool's summer operation.

District Response: The District agrees with the recommendation and will implement the recommendation.

The pool has not been open since the summer of 2018. The pool is on the school board agenda for April 2021 as an action/discussion item to close the pool permanently.

Recommendation 13: The District should thoroughly oversee all IGAs it enters with other school districts by ensuring the agreements are equitable to the District, that it is not inequitably paying costs associated with the IGAs, and that it is receiving any payments or equipment it is due upon termination of such agreements.

District Response: The District agrees with the recommendation and will implement the recommendation.

Legal counsel now reviews all IGAs to ensure they are equitable to the District. Upon termination of an IGA, the District will ensure that the agreements are fulfilled, including any money or equipment owed. The District will work with Legal Counsel to enforce the terms of the IGA.

Recommendation 14: The District should have its Governing Board decide whether to work with its attorney to determine if the District can still collect monies or sports equipment due to it from the termination of the sports program IGA with the other district.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Governing Board will work with the attorney to determine if monies or sports equipment is due.

Recommendation 15: The District should require other districts that are charging it for services to provide detailed invoices with explanations of charges.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will require other districts to provide detailed invoices with explanations of charges.

Recommendation 16: The District should track services it receives in connection with its IGAs, and compare them to invoices for accuracy prior to paying the invoices.

District Response: The District agrees with the recommendation and will implement the recommendation.

Anyone who provides a service to the District is now required to not only check in with the office but also sign a log book with their name, date, and service provided

Finding 6: District's lack of compliance with important requirements and standards put public monies and sensitive information at an increased risk of errors, fraud, and unauthorized access.

District Response: The District agrees with the finding.

The District agrees with the finding and will implement the recommendations

Recommendation 17: The District should separate responsibilities over payroll processing among more than 1 employee so that no employee is responsible for preparing, authorizing, and distributing payments without an independent or supervisory review.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District now has a Business Procedures Manual that was approved by the board in July 2020. It is now being followed by the District staff. The Business Procedures Manual follows the USFR.

Recommendation 18: The District should separate responsibilities over credit cards among more than 1 employee so that no employee can make purchases, record the purchases in the District's accounting system, reconcile purchase receipts to credit card statements, and issue payments to the credit card companies without another employee's independent review and approval.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Business Procedures Manual outlines the responsibilities and procedures to be followed by the staff.

Recommendation 19: The District should pay credit card balances in full each billing cycle and make timely payments to avoid late fees and finance charges.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will ensure the credit cards are paid in a timely manner to avoid late fees and finance charges.

Recommendation 20: The District should implement additional procedures to help ensure employees follow required purchasing procedures, including additional training or penalties for repeat offenses, among other options.

District Response: The District agrees with the recommendation and will implement the recommendation.

These procedures are outlined in the Business Procedure Manual

Recommendation 21: The District should ensure that athletic event ticket sellers accurately record the tickets they sold and total cash they collected and have another employee independently review this documentation to verify that all cash collected and deposited accurately reflects the number of tickets sold.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District no longer provides athletic events on its campus.

Recommendation 22: The District should implement additional procedures to help ensure that employees who collect cash deposit it at the business office within 1 day of collection, as required by District policy. Additional procedures may include additional staff training or penalties for repeat offenses, among other options.

District Response: The District agrees with the recommendation and will implement the recommendation.

The procedures regarding the collection of cash deposits is covered in the Business Procedure Manual

Recommendation 23: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts to ensure it accurately reports its spending.

District Response: The District agrees with the recommendation and will implement the recommendation.

The Business Manager will ensure that all transactions are recorded in accordance with the Uniform Chart of Accounts.

Recommendation 24: The District should accurately record and report to ADE, for transportation funding purposes, the miles it drove in connection with its student transportation program, as well as the actual number of eligible students it transported.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will use an Excel worksheet to tabulate transportation route miles and eligible students to accurately record and report to ADE

Recommendation 25: The District should limit accounting system users' access to only those functions needed to perform their job duties.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will review users' accounting system access to ensure that users only have access to the functions that are needed to perform the job duty; the District, with the help of an outside consultant, will review the appropriateness of user access.

Recommendation 26: The District should remove administrator-level access to its accounting system from any employee in its business office and provide that access instead to an employee or authorized person outside of the business office, such as an IT administrator or employee.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has now ensured that the IT Director is the only employee with administrator-level access.

Recommendation 27: The District should implement and enforce SIS password requirements that meet credible industry standards.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District is working with the SIS vendor to ensure the password requirements meet credible industry standards.

Recommendation 28: The District should implement additional procedures to ensure that terminated employees have their SIS and accounting system access promptly removed to reduce the risk of unauthorized access.

District Response: The District agrees with the recommendation and will implement the recommendation.

This is outlined in the termination section of the Business Procedures manual, the District is now required to use an Employee Separation Checklist for anyone leaving the District.

