

**Joint Legislative Audit Committee**  
June 21, 2023—9:00 a.m.



Lindsey A. Perry  
Auditor General



# ARIZONA STATE LEGISLATURE

## INTERIM MEETING NOTICE OPEN TO THE PUBLIC

### JOINT LEGISLATIVE AUDIT COMMITTEE

**Date:** Wednesday, June 21, 2023

**Time:** 9:00 A.M.

**Place:** SHR 109

**Members of the public may access a livestream of the meeting here:**

<https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2023061026>

### AGENDA

1. Call to Order - Opening Remarks
2. Gadsden Elementary School District Performance Audit, May 2020 report and 36-month follow-up report
  - Presentation by the Arizona Auditor General's Office
  - Presentation by the Gadsden Elementary School District
3. Arizona Department of Child Safety—Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices, September 2021 report and 18-month follow-up report
  - Presentation by the Arizona Auditor General's Office
  - Presentation by the Arizona Department of Child Safety
4. Consideration and vote on the 2024 special audit of the Arizona Department of Child Safety—Young Adult Program
5. Next JLAC meeting
6. Adjourn

### Members:

Senator Sonny Borrelli, Chair  
Senator Eva Diaz  
Senator David C. Farnsworth  
Senator Anthony Kern  
Senator Juan Mendez  
Senator Warren Petersen, Ex-officio

Representative Matt Gress, Chair  
Representative Alma Hernandez  
Representative David Marshall  
Representative Beverly Pingerelli  
Representative Marcelino Quiñonez  
Representative Ben Toma, Ex-officio

06/13/2023  
hf

For questions regarding this agenda, please contact Senate Research Department.  
Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the Senate Secretary's Office: (602) 926-4231 (voice). Requests should be made as early as possible to allow time to arrange the accommodation



**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**DATE:** June 19, 2023

**TO:** Senator Sonny Borrelli, Chair  
Representative Matt Gress, Vice Chair  
Members, Joint Legislative Audit Committee (JLAC)

**FROM:** Lindsey Perry, Auditor General

**SUBJECT:** Arizona Auditor General's (Office) presentation on the Gadsden Elementary School District, May 2020 performance audit report and 36-month follow-up report

### **Background**

The Office is responsible for conducting performance audits of Arizona school districts pursuant to A.R.S. §41-1279.03. These performance audits assess Districts' spending and operational efficiency in noninstructional areas, including administration, plant operations and maintenance, food service, and transportation. In May 2020, the Office released a performance audit report on Gadsden Elementary School District (Gadsden ESD) that assessed these areas, identified several deficiencies, and made 13 recommendations to Gadsden ESD.

We were asked to present Gadsden ESD's 36-month follow-up report. Christine Haidet, Division of School Audits Manager, will provide an overview of the Office's initial performance audit report and Gadsden ESD's status as of June 2023 for implementing the 13 recommendations made to it.

Attached is the Gadsden ESD performance audit report issued in May 2020 and the 36-month follow-up report issued in June 2023.

### **Action required**

None. Presented for JLAC's information only.

# Gadsden Elementary School District

District paid employees for time not worked, limited public access to some Board meetings and wasted \$65,000 on unnecessary travel, and lacked oversight of transportation program

Performance Audit

May 2020  
Report 20-204

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Office of the 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.

## The Joint Legislative Audit Committee

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Representative **John Allen**  
Representative **Timothy M. Dunn**  
Representative **Mitzi Epstein**  
Representative **Jennifer Pawlik**  
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Senator **David Livingston**  
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**ARIZONA AUDITOR GENERAL**  
**LINDSEY A. PERRY**

**JOSEPH D. MOORE**  
DEPUTY AUDITOR GENERAL

May 7, 2020

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board  
Gadsden Elementary School District

Dr. Raymond Aguilera, Superintendent  
Gadsden Elementary School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Gadsden Elementary 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 of the findings and recommendations and plans to implement all of the recommendations.

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

Sincerely,

Lindsey Perry, CPA, CFE  
Auditor General

## Gadsden Elementary School District

**District paid employees for time not worked, limited public access to some Board meetings and wasted \$65,000 on unnecessary travel, and lacked oversight of transportation program**

### 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

- The District paid hourly employees for time not worked without Board approval, including paying many of them over school breaks even when they did not work or submit time sheets.
- The District limited public access to some Board meetings by holding them in California, which may have violated State law and resulted in more than \$65,000 of public monies being wasted for unnecessary travel expenses.
- The District's inadequate oversight of its transportation program led to potential student safety risk, reporting errors resulting in overfunding, and increased risk of fuel and supplies misuse.

### Key recommendations

The District should:

- Ensure that the Board is aware of and approves the number of paid holidays provided to hourly employees and ensure contracts contain all agreed-upon terms of employment.
- Stop holding Board meetings outside District boundaries, and consult with legal counsel to ensure its meetings comply with open meeting law and to determine and implement procedures to address potentially invalid District actions.
- Establish and implement policies and procedures to ensure bus driver certification requirements are met, school buses receive timely preventative maintenance, and miles and riders are accurately reported to the Arizona Department of Education for State funding purposes, and increase controls over its fuel and supplies.



# TABLE OF CONTENTS

<b>District overview</b>	1
<b>Finding 1: District’s poor administration of employee pay resulted in hourly employees being paid for holidays and other time not worked without documentation to support Governing Board approval and inappropriate payments to some employees</b>	2
Issue 1: District paid hourly employees for time not worked but lacked documentation showing that Board approved or was aware of these payments	
District provided substantial paid holidays to hourly employees but lacked documentation showing that its Board approved or was aware of these payments	
District paid some hourly employees for time not worked during the day but lacked documentation showing that its Board approved or was aware of these payments	
<b>Recommendations</b>	
Issue 2: District made inappropriate payments to some employees because it lacked appropriate payroll policies and procedures	
District schools and departments inconsistently handled hourly employees’ time sheets and overtime, resulting in inappropriate payments to an employee	
Inadequate separation of duties in the business office resulted in inappropriate payments	
<b>Recommendations</b>	
<b>Finding 2: District limited public access to Governing Board meeting by holding it out of State and wasted more than \$65,000 of public monies on unnecessary travel expenses</b>	6
Contrary to State open meeting law, District held Governing Board meeting out of State so that it was not easily accessible to the public	
In fiscal year 2018, the District wasted more than \$16,000 of public monies on unnecessary travel expenses for 1 Board meeting, which also exceeded State travel policy allowances	
District has wasted more than \$65,000 of public monies sending staff and Board members to California since fiscal year 2015	
<b>Recommendations</b>	
<b>Finding 3: Inadequate oversight of District transportation program led to potential student safety risk, reporting errors, and increased risk of fuel and supplies misuse</b>	10
Issue 1: District did not sufficiently ensure school bus passengers’ safety and welfare	
District lacked adequate procedures to ensure bus drivers met certification requirements	
District lacked adequate documentation to demonstrate school bus preventative maintenance	





# TABLE OF CONTENTS

## Recommendations

Issue 2: District incorrectly reported miles and riders resulting in overfunding from State

## Recommendations

Issue 3: District lacked adequate controls over fuel and supplies inventory increasing risk of misuse

## Recommendation

**Summary of recommendations: Auditor General makes 13 recommendations to the District** 14

**Appendix: Objectives, scope, and methodology** a-1

## District response

## Figures

- 1 Posted Board agenda 6
- 2 District could not demonstrate it performed sufficient preventative maintenance on buses 11

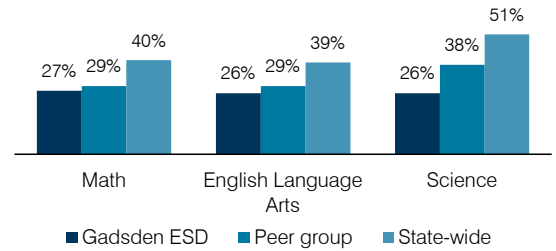
## Tables

- 1 Breakout of work days and holidays for full-time hourly employees 3
- 2 Total fiscal year 2018 trip costs and related maximum reimbursement rates 7
- 3 California Board meeting expenses by fiscal year (Unaudited) 8
- 4 Only 2 of 10 sampled bus drivers met certification requirements in fiscal year 2018 10



Rural district in Yuma County  
Grades: Kindergarten through 8th  
Students attending: 4,999  
Number of schools: 8  
School letter grades: 1 A, 2 Bs, 4 Cs, 1 D

**Students who passed State assessments**



**Total operational spending—\$37.6 million (\$7,517 per pupil)**

**Instructional—48.7% (\$3,662 per pupil)**

**Noninstructional—51.3% (\$3,855 per pupil)**

Operational overview	Measure	Gadsden ESD	Peer average
<p><b>Administration—lower costs but improvements needed</b></p> <p>The District spent less per pupil on administration than its peer districts, on average, primarily because it served more students, and therefore, its administrative costs were spread across more students. However, the District lacked adequate controls over its payroll process (see Finding 1, page 2), and it inappropriately limited public access to some Governing Board meetings and wasted public monies on unnecessary out-of-State travel (see Finding 2, page 6).</p>	Spending per pupil	\$869	\$1,098
<p><b>Plant operations—mixed costs but reasonably efficient</b></p> <p>The District spent less per pupil despite spending more per square foot because it operated and maintained 33 percent fewer square feet per student than its peer districts, on average. Districts that operate substantially fewer square feet per student tend to have higher costs per square foot due to higher usage.</p>	Spending per square foot	\$8.11	\$6.52
	Spending per pupil	\$877	\$1,034
<p><b>Food service—efficient program with similar costs</b></p> <p>The District employed efficient practices, such as using all available commodities and limiting food waste, which allowed it to spend a similar amount per meal as its peer districts and cover all its direct costs.</p>	Spending per meal	\$2.92	\$3.10
<p><b>Transportation—operated with similar costs but lacked oversight</b></p> <p>The District spent a similar amount per mile and per rider on transportation when compared to its peer districts' averages. However, it needs to improve oversight over the transportation program (see Finding 3, page 10). Specifically, the District lacked adequate procedures to ensure bus drivers met certification requirements and buses were properly maintained, inaccurately reported miles and riders for State funding purposes, and did not adequately track its fuel usage or supplies inventory.</p>	Spending per mile	\$3.98	\$3.96
	Spending per rider	\$764	\$721



## **District's poor administration of employee pay resulted in hourly employees being paid for holidays and other time not worked without documentation to support Governing Board approval and inappropriate payments to some employees**

The District did not adequately administer its payroll process. As a result, it paid hourly employees for holidays and other hours not worked each day without documentation showing Governing Board (Board) approval or awareness of this compensation and allowed inappropriate payments to some employees. Specifically:

### **Issue 1: District paid hourly employees for time not worked but lacked documentation showing that Board approved or was aware of these payments**

#### **District provided substantial paid holidays to hourly employees but lacked documentation showing that its Board approved or was aware of these payments**

In fiscal year 2018, the District required all hourly employees to sign contracts that included some agreed-upon terms of employment, such as position and hourly payrate. We reviewed fiscal year 2018 contracts and supporting documentation, such as time sheets, for a sample of 30 hourly employees to determine whether they were paid correctly and determined that many of them were paid over school breaks even when they did not work or submit time sheets. When we asked District staff about this, they said that the District maintains 7 different payroll calendars for full-time hourly employees depending on their assigned department and the number of months they work. Table 1 on page 3 shows the number of months worked, days worked, paid holidays, and total number of paid days for each of these 7 payroll calendars. However, the District did not have any documentation showing that the Board approved these payroll calendars or which positions would be paid on each calendar. Further, the District's hourly employee contracts did not identify which of these calendars the District should use to pay the employees and did not include the agreed-upon number of days or months the employees would work or the holidays for which they would be compensated. This information was also not available in Board minutes or other District documents. Therefore, there is no evidence that the Board had approved or was even aware of the substantial number of paid holidays that the District provided to its hourly employees.

For some employees, the holidays for which they were paid were as high as 14.3 percent of their total paid days. For example, most school bus drivers were paid on payroll calendar 2, which provides 30 paid holidays during the school year. This is 21 days more than the 9 federal holidays during the school year. In fiscal year 2018, the District's 19 full-time bus drivers' hourly payrates averaged \$13.07 per hour. Therefore, paying for the 21 additional holidays just for the bus drivers equates to approximately \$41,700 for the year. With approximately 210 full-time hourly employees in fiscal year 2018, these paid holiday amounts were substantial.

**Table 1**  
**Breakout of work days and holidays for full-time hourly employees**

	Payroll calendar						
	1	2	3	4	5	6	7
Months worked	9.5	9.5	9.5	10	10.5	11	12
Work days	180	181	186	189	199	213	228
Holidays	30	30	31	31	31	31	32
Total paid days	210	211	217	220	230	244	260
Holidays as a % of total paid days	14.3%	14.2%	14.3%	14.1%	13.5%	12.7%	12.3%

Source: Auditor General staff analysis of District payroll calendars for fiscal year 2018.

Although it is allowable for the District to offer paid holidays to hourly employees, it should ensure that its Board is aware of and approves this additional compensation and that employee contracts or other District documents contain all agreed-upon terms of employment, including the number of days, holidays, and hours per day for which an employee will be compensated.

## District paid some hourly employees for time not worked during the day but lacked documentation showing that its Board approved or was aware of these payments

Similarly, the District also paid some hourly employees for time during their day that they did not work. Although the District’s contracts with its hourly employees included position and hourly payrate, the contracts did not include the number of hours hourly employees were to work, and this information was not available in other District documents. When reviewing time sheets for a sample of employees, we noted that some employees’ time sheets did not appear to match their work schedules. For example, despite driving only morning and afternoon routes, many bus drivers claimed 8 hours of work each day. When asked about this, District officials stated that in previous years most bus drivers also had a midday route, and when those routes were discontinued, the District did not reduce the number of hours for which these employees were paid. We also confirmed that these employees were not working in any other department during the day to earn that paid time if the morning and afternoon routes did not take 8 hours. We reviewed the District’s current (fiscal year 2020) bus route schedules, which the District confirmed were similar to prior-year schedules, and found that only 2 of the 19 full-time bus drivers are scheduled to work 8 hours each day. The remaining 17 drivers’ scheduled hours range from 6 to 7.75 hours each day, yet according to District officials, each of these employees continues to receive 8 hours of pay daily.

Similar to paying hourly employees for holidays, the District did not have any documentation to show that the Board approved of or was aware that the District was paying these employees for time not spent working.

### Recommendations

The District should:

1. Ensure that its Board is aware of and approves the number of paid holidays provided to hourly employees and ensure that hourly employee contracts or other District documents contain all agreed-upon terms of employment, including the number of days, holidays, and hours per day for which an employee will be compensated.

2. Ensure that the Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an agreed-upon compensation package.

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

## **Issue 2: District made inappropriate payments to some employees because it lacked appropriate payroll policies and procedures**

### **District schools and departments inconsistently handled hourly employees' time sheets and overtime, resulting in inappropriate payments to an employee**

In fiscal year 2018, the District allowed each of its schools and departments to independently determine their own procedures for hourly employees to fill out time sheets and supervisors to approve them. For example, instead of employees filling in their time sheets with the actual hours they worked each day, it appeared that some employees' time sheets were prefilled with their anticipated work schedules. Employees would then have to edit the time sheets by hand to account for hours they ended up not working, which could lead to employees overstating actual hours worked either in error or fraudulently. Additionally, although District officials stated that employees were supposed to complete overtime request forms and have their supervisors approve the forms before the work was performed, not all schools and departments required employees to complete these forms.

As a result, the District increased its risk of making inappropriate payments. For example, in fiscal year 2017, a school secretary took advantage of the minimal oversight by falsifying time sheets for her husband, another District employee, on days he was not working.<sup>1</sup> This resulted in approximately \$1,550 of inappropriate payments. Although this employee was dismissed and reimbursed the inappropriate payments, the District did not develop and implement appropriate payroll policies and procedures for schools and departments to follow to help reduce the risk of future inappropriate payments.

### **Inadequate separation of duties in the business office resulted in inappropriate payments**

After all time sheets were collected and approved at the schools and departments, they were sent to the District's business office to be processed and paid. The District had 2 payroll employees in fiscal year 2018, 1 who was primarily responsible for processing payroll for full-time hourly and salaried employees, and another who was responsible only for part-time hourly employees. The District's payroll employees were responsible for updating changes to employee payrates and deductions in the accounting system instead of having someone in the District's Human Resources department perform these tasks. This allowed an employee to inappropriately adjust their own payroll deductions for their financial benefit for at least 2 fiscal years without being detected. At the time of this report's release, we were further reviewing the employee's actions.

### **Recommendations**

The District should:

3. Develop and implement formal, written payroll policies and procedures to increase oversight at its schools and departments to ensure that all District payroll policies and procedures are applied consistently to reduce the risk of inappropriate payments.

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<sup>1</sup> According to the District's fiscal year 2017 financial audit completed by its contracted external audit firm, the District discovered the time sheet fraud and filed a police report. The employee admitted to falsifying timesheets, and the District's Governing Board dismissed the employee.

4. Separate responsibilities for entering and updating employee payrates and deductions in the accounting system from the responsibilities for processing payroll to reduce the risk of inappropriate adjustments to employee pay and benefits.

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



# District limited public access to Governing Board meeting by holding it out of State and wasted more than \$65,000 of public monies on unnecessary travel expenses

## Contrary to State open meeting law, District held Governing Board (Board) meeting out of State so that it was not easily accessible to the public

School districts are subject to Arizona's Open Meeting Law, which requires all governing board meetings, including work study sessions, be open to the public with limited exceptions in order to maximize public access to the governmental process.<sup>2</sup> However, our review of the meeting agenda (see Figure 1) and minutes for the Board's June 30, 2018, work study session at a resort on Coronado Island, California, found that this meeting did not fit any criteria where the public may lawfully be excluded. When we asked District officials about their decision to hold this meeting out of State, they responded that the District held this meeting in California to limit interruptions from the public. The District continued to include on the agenda the call to the public item, which would generally be a time when members of the public attending the meeting could voice any questions or concerns directly to the Board. According to the meeting minutes, there were no responses during the call to the public, likely because the District chose to hold the meeting somewhere that would provide them less interruptions.

**Figure 1**  
Posted Board agenda

<b>GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32</b>	
1350 E. Juan Sanchez Blvd. P.O. Box 6870 San Luis, AZ 85349 (928) 627-6540 FAX: (928) 627-3635	
Dr. Raymond V. Aguilera, Superintendent	"STUDENT CENTERED LEARNING IN AN ENGLISH LEARNING COMMUNITY"
	Governing Board Luis Marquez, President Tadeo De La Hoya, Clerk Guillermina Fuentes Gloria Torres Rosa Varela
<b>GOVERNING BOARD WORK STUDY SESSION</b>	
Saturday June 30, 2018 Coronado Island Marriott Resort & Spa 2000 Second Street Coronado CA 92118 8:00 am -5:00 pm	
<b>CALL TO ORDER</b>	Mr. Marquez
<b>PLEDGE OF ALLEGIANCE</b>	Mr. Marquez
<b>ATTENDANCE</b>	Mr. Marquez
<b>APPROVAL OF THE AGENDA</b>	
1. Approval of the current meeting agenda	Mr. Marquez
<b>CALL TO THE PUBLIC</b>	
Any person wishing to speak concerning an item not on the agenda may present the information at this time. All presentations are limited to a maximum of three minutes.	
<b>INFORMATION/DISCUSSION ITEMS</b>	
2. Review of Governing Board Goals	Dr. Aguilera
3. Business and Financial Information	Mr. Bernhard
4. Personnel	Mrs. Ballesteros
5. Superintendent Pay for Performance to be based on Governing Board Goals	Dr. Aguilera

Source: District records.

<sup>2</sup> Arizona Revised Statutes §38-431.03 allows a public body to hold an executive session from which the public is excluded for specific reasons, including discussing or considering employment, records exempt by law from public inspection, or consultation with legal counsel.



The Attorney General’s Office publishes an agency handbook that provides guidance to State officers and employees regarding open meeting laws. According to this guidance, the Open Meeting Law requires that “the public body must provide public access to public meetings” and that “this requirement is not met if the public body uses any procedure or device that obstructs or inhibits public attendance at public meetings, such as holding the meeting in a geographically isolated location...”<sup>3</sup> The California resort is geographically isolated from the District office in San Luis, Arizona, as the resort is located approximately 400 miles roundtrip from the District office. As this equates to an estimated 6-hour drive, public access and attendance were limited by having the public travel this unreasonable distance to attend the meeting, as further evidenced by no public members attending. Generally, all other meetings throughout the year were held on weekdays at the District office in San Luis, Arizona. We have forwarded our report to the Attorney General’s Office for further review.

## In fiscal year 2018, the District wasted more than \$16,000 of public monies on unnecessary travel expenses for 1 Board meeting, which also exceeded State travel policy allowances

In addition to intentionally limiting public access to its Board meeting, the District also spent \$16,309 for Board members and select staff to attend the Coronado Island Board meeting, which was a much greater cost to the District than it would have been if the District had held the meeting locally. Further, lodging and meal costs associated with the trip exceeded maximum amounts allowed by the State’s travel policy.

**Unnecessary trip was a waste of over \$16,000**—As discussed earlier, the District typically holds its Board meetings on weekdays at its District office in San Luis, Arizona, which does not incur additional travel and rental costs. Choosing to hold the June 2018 meeting at a resort on Coronado Island, California, resulted in the District incurring over \$16,000 for this 1 Board meeting, which was an unnecessary expense because it required them to pay for lodging, meals, conference facilities, and rental cars and fuel that otherwise would not have been necessary (see Table 2). Instead, these monies could have been used for instruction, such as to increase teacher salaries or purchase instructional materials, or for other District priorities.

**District exceeded State maximum allowable travel rates**—In addition to wasting money on the unnecessary trip, the District also exceeded State travel maximum allowances for this same trip. According to the *Uniform System of Financial Records for Arizona School Districts*, districts are required by statute to prescribe procedures and amounts for reimbursing travel expenses; however, these reimbursements cannot exceed the maximum amounts established by the Arizona Department of Administration (ADOA). ADOA’s travel policy outlines detailed guidance and rate tables for maximum lodging and meal reimbursements when governing board members and staff are on authorized travel status, which is defined as at least 50 miles from the employees’ duty post, or for governing

**Table 2**  
Total fiscal year 2018 trip costs and related maximum reimbursement rates

	2018 actual trip costs	Maximum State rate	Amount in excess of State rate
Lodging	\$ 9,200	\$5,206	\$3,994
Meals	3,719	1,890	1,829
<b>Total reimbursable costs</b>	<b>\$12,919</b>	<b>\$7,096</b>	<b>\$5,823</b>
Conference facilities	1,857	N/A <sup>1</sup>	N/A
Rental cars and fuel	1,533	N/A	N/A
<b>Total trip cost</b>	<b>\$16,309</b>		

<sup>1</sup> State travel policy does not establish maximum reimbursement rates for conference facilities or rental cars and fuel. However, State travel policy does require that all travel arrangements be planned for the convenience of the State agency or school district using the most reasonable and economic means.

Source: Auditor General staff analysis of fiscal year 2018 District travel documentation and the Arizona Department of Administration’s *State of Arizona Accounting Manual* for fiscal year 2018.

<sup>3</sup> Arizona Attorney General. (2018). Arizona agency handbook. Retrieved on 11/5/2019 from <https://www.azag.gov/outreach/publications/agency-handbook>.



board members, their home. The District paid the resort directly for lodging and meal costs associated with the Coronado Island Board meeting instead of reimbursing Board members and staff for the costs through its typical travel reimbursement claim process. Although this is allowable, the District did not consider the State’s maximum reimbursement rates when planning the trip, and therefore, it spent more than what State travel policy allowed. As shown in Table 2 on page 7, lodging and meal expenses associated with the Board meeting exceeded State travel policy maximum allowances by over \$5,800 for just this 1 meeting.

- **Lodging**—The District paid for 5 Board members and 9 District and school administrative staff to stay at the resort for 2 nights at a rate of \$259 a night plus tax, totaling \$9,200. However, the maximum allowable reimbursement rate as prescribed by ADOA for that time and location was \$167 a night plus tax, which would have saved the District nearly \$4,000 on rooms alone.
- **Meals**—The District paid for a breakfast buffet, lunch buffet, and snack service through the hotel in addition to reimbursing Board members and staff for meals while traveling to and from Coronado Island. These expenses totaled \$3,719. However, the maximum allowable meal reimbursement rates as prescribed by ADOA for the time of this trip would have been \$40.50 total for breakfast, lunch, and dinner on each of the travel days, and \$54 for the full day on travel status. Based on these requirements, each person could have been reimbursed up to \$135 for the entire weekend, which would have saved the District nearly \$1,900.

## District has wasted more than \$65,000 of public monies sending staff and Board members to California since fiscal year 2015

Upon further review of agendas and interviews with District staff, we determined that the District has been holding an annual Board meeting on Coronado Island, California, for more than 10 years. Contrary to best practices, there is no budget provided when planning the trip, and contrary to State requirements, generally little to no procurement is done as, according to District officials, Board members prefer to stay in the same hotel each year when possible.

Based on our review of detailed documentation for credit card charges, travel claims, rental car invoices, and fuel card purchases for the trips dating back to fiscal year 2015, we found that the District spent over \$65,000 for the annual Coronado Island trip for the past 5 fiscal years (see Table 3). As previously discussed, the District held these meetings contrary to open meeting law, at an unreasonable location, which not only limited public access but also resulted in unnecessary costs to the District.

### Recommendations

The District should:

5. Consult with legal counsel to ensure its meeting policies and procedures, including the locations selected for conducting meetings, comply with open meeting law.
6. Consult with legal counsel to determine and implement any necessary procedures to address potentially invalid District actions taken at meetings that were not easily accessible to the public.

**Table 3**  
California Board meeting expenses by fiscal year  
(Unaudited)

Fiscal year	Estimated expenses <sup>1</sup>
2015	\$11,076
2016	8,619
2017	13,317
2018	16,309
2019	16,129
<b>Total estimated expenses</b>	<b>\$65,450</b>

<sup>1</sup> The estimated expenses were calculated based on examination of available District documentation of purchases and invoices and may not reflect the full cost to the District for each year.

Source: Auditor General staff analysis of District travel documentation from fiscal years 2015 through 2019.

7. Discontinue holding Board meetings outside the District's boundaries, which is contrary to open meeting law and is an unnecessary expense to the District.
8. Follow USFR requirements and implement procedures to ensure that all travel expenditures and reimbursements are planned for the convenience of the District using the most reasonable and economic means and do not exceed ADOA-established maximum rates.

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

## Inadequate oversight of District transportation program led to potential student safety risk, reporting errors, and increased risk of fuel and supplies misuse

We identified 3 areas where the District needs to improve its transportation program oversight. Specifically, (1) the District did not sufficiently ensure school bus passengers' safety and welfare, (2) the District incorrectly reported its miles and riders resulting in overfunding from the State, and (3) the District lacked adequate controls over its fuel and supplies inventory increasing risk of misuse.

### Issue 1: District did not sufficiently ensure school bus passengers' safety and welfare

#### District lacked adequate procedures to ensure bus drivers met certification requirements

To help ensure student safety, the State's *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards), administered by the Department of Public Safety (DPS), requires districts to ensure that bus drivers

**Table 4**  
Only 2 of 10 sampled bus drivers met certification requirements in fiscal year 2018

	Driver 1	Driver 2	Driver 3	Driver 4	Driver 5	Driver 6	Driver 7	Driver 8	Driver 9	Driver 10
Proper certification	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Physical exams	✓	✓	✓	✗	✓	✗	✗	✓	✓	✗
Drug and alcohol tests	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗
Physical performance tests	✗	✓	✓	✓	✗	✓	✗	✓	✗	✗
CPR and first aid certification	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓
Refresher training	✗	✓	✓	✓	✓	✓	✓	✗	✓	✓

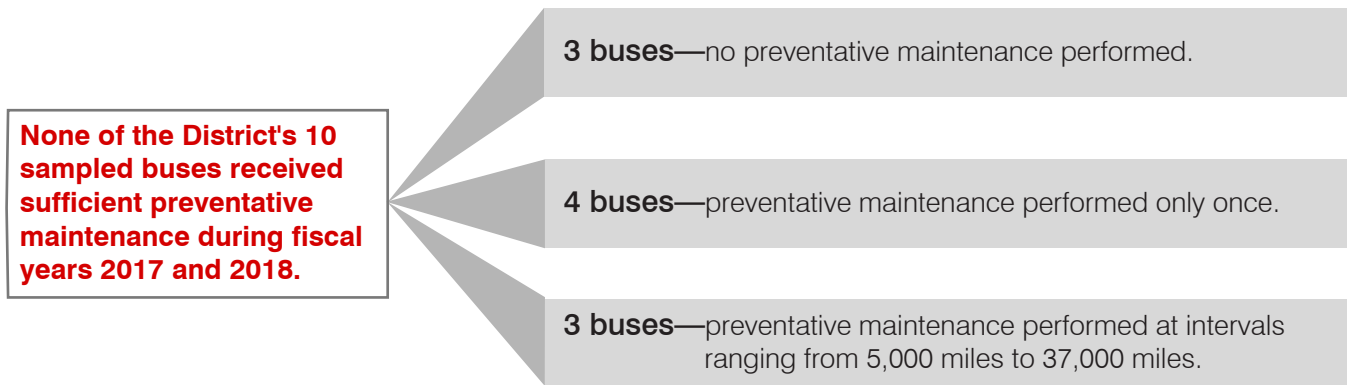
Source: Auditor General staff review of 10 of the District's 20 fiscal year 2018 bus driver files.

are properly licensed and receive physical examinations, random drug and alcohol tests, annual drug tests, physical performance tests, CPR and first aid certification, and refresher training. However, we found that the District did not have documentation to demonstrate that all its fiscal year 2018 bus drivers met these requirements. Specifically, only 2 of the 10 bus driver files we reviewed were complete (see Table 4 on page 10). Further, the District did not have a sufficient process in place for random drug and alcohol testing. The Minimum Standards requires that 25 percent of drivers are randomly tested for drugs and 10 percent of drivers are randomly tested for alcohol per year. Although the District's policy of sending someone for a random drug and alcohol test every other month likely meets the requirements in the Minimum Standards, the District did not have a systematic way of randomly selecting drivers for testing and could not provide documentation for who was tested and what the results were.

## District lacked adequate documentation to demonstrate school bus preventative maintenance

According to the State's Minimum Standards, districts must also be able to demonstrate that their school buses receive systematic preventative maintenance and inspections. Preventative maintenance includes items such as periodic oil changes, tire and brake inspections, and inspections of safety signals and emergency exits. These standards are designed to help ensure the school bus passengers' safety and welfare, as well as extend the useful life of buses. However, the District did not follow a formal preventative maintenance policy specifying the maximum miles a bus could travel or maximum time period before requiring bus maintenance. Further, we reviewed fiscal years 2017 and 2018 bus maintenance files for 10 of the District's 34 buses and found that the District could not demonstrate it performed sufficient preventative maintenance on its buses (see Figure 2). We also reviewed calendar year 2018 DPS inspection reports that were available for 20 of the District's buses and found 9 failed inspections with at least 1 significant violation that required the bus to be pulled from service until repaired.

**Figure 2**  
**District could not demonstrate it performed sufficient preventative maintenance on buses**



Source: Auditor General staff review of fiscal years 2017 and 2018 maintenance records for 10 of the District's 34 buses.

### Recommendations

The District should:

9. Develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented in accordance with the State's Minimum Standards.
10. Establish and implement a policy that states what school bus preventative maintenance work will be completed at what mileage and time frame and perform and document the bus preventative maintenance in a systematic and timely manner in accordance with the policy and the State's Minimum Standards.

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

## Issue 2: District incorrectly reported miles and riders resulting in overfunding from State

In fiscal year 2018, the District incorrectly reported to the Arizona Department of Education (ADE) the number of route miles traveled and eligible students transported. The District did not keep track of the miles traveled appropriately, and we estimated that the District overreported its miles by approximately 16,000 miles, or 4 percent of its total miles. Although in total our validated number of miles was similar, the District did not accurately track the different types of miles, which is important because not all miles districts report are eligible to be treated the same for State funding purposes. For example, miles that are associated with field trips or athletics are funded differently than regular route miles and therefore should not be included in the route miles districts report. Additionally, the District did not correctly average its morning and afternoon rider counts, which resulted in an overstatement of over 3,300 riders, which was more than 2 times what we validated based on the District's records.

Arizona school districts receive transportation funding from the State based on a formula that primarily uses the number of route miles traveled during the first 100 school days in the prior fiscal year and secondarily the number of eligible students transported during the same time period. These numbers are used to calculate a district's daily route miles per rider, and statute provides for 2 different State support levels per route mile as shown in the textbox. Because transportation funding is based on miles and riders reported in the prior fiscal year, the District's reporting errors in fiscal year 2018 resulted in the District being overfunded by about \$218,000 in State monies in fiscal year 2019 primarily because it used the incorrect State support level per route mile. We can conclude that the District used the incorrect per mile funding primarily because of the significant overstatement of riders, and it is not likely any miscategorized miles would exceed the amount needed to move the District's route miles per eligible rider back into a higher funding category (see textbox).

### Fiscal year 2019 per mile funding rates

These amounts are updated each fiscal year as part of the transportation support level in A.R.S. §15-945. The District's fiscal year 2019 funding was calculated using 0.36 daily route miles per rider, while we determined it was likely closer to 0.94, which results in a lower per mile funding rate.

Daily route miles per rider	State support level per route mile
0.5 or less	\$2.64
More than 0.5 through 1.0	\$2.16
More than 1.0	\$2.64

### Recommendations

The District should:

11. Accurately calculate and report to ADE for State funding purposes the number of route and other miles traveled and actual number of eligible students transported.
12. Work with ADE regarding needed corrections to its transportation funding reports until all funding errors that the misreported mileage and riders caused are fully corrected.

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

## Issue 3: District lacked adequate controls over fuel and supplies inventory increasing risk of misuse

The District had poor controls over its fuel inventory, preventing it from ensuring that fuel usage was appropriate. The District has fuel tanks located at its transportation office that are accessed using a fuel pump key that was kept in an unsecured area in the transportation office and that any employee could use without supervisory knowledge. Further, although employees fueling vehicles were required to fill out a log including the odometer reading and gallons pumped, the District did not sufficiently review the logs to ensure that all fuel usage was logged or analyze the logs for reasonableness, such as reviewing miles per gallon for each vehicle.

The District also had poor controls over its supplies inventory, which exposed the District to an increased risk of misuse. The District did not monitor or track its general transportation supplies inventory to ensure that it had adequate controls over those supplies. General transportation supplies primarily include the replacement parts and motor oil used to repair and maintain buses. We observed these supplies unsecured and unorganized around the maintenance facility. The District did not maintain a log to keep track of parts used, and as previously discussed, we did not see adequate maintenance records that could have indicated parts used.

### Recommendation

13. The District should evaluate and implement additional controls over its fuel and supplies inventory to help ensure proper accounting of all fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified.

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



# SUMMARY OF RECOMMENDATIONS

## Auditor General makes 13 recommendations to the District

The District should:

1. Ensure that its Board is aware of and approves the number of paid holidays provided to hourly employees and ensure that hourly employee contracts or other District documents contain all agreed-upon terms of employment, including the number of days, holidays, and hours per day for which an employee will be compensated (see Finding 1, pages 2 through 4, for more information).
2. Ensure that the Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an agreed-upon compensation package (see Finding 1, pages 2 through 4, for more information).
3. Develop and implement formal, written payroll policies and procedures to increase oversight at its schools and departments to ensure that all District payroll policies and procedures are applied consistently to reduce the risk of inappropriate payments (see Finding 1, pages 4 through 5, for more information).
4. Separate responsibilities for entering and updating employee payrates and deductions in the accounting system from the responsibilities for processing payroll to reduce the risk of inappropriate adjustments to employee pay and benefits (see Finding 1, pages 4 through 5, for more information).
5. Consult with legal counsel to ensure its meeting policies and procedures, including the locations selected for conducting meetings, comply with open meeting law (see Finding 2, pages 6 through 9, for more information).
6. Consult with legal counsel to determine and implement any necessary procedures to address potentially invalid District actions taken at meetings that were not easily accessible to the public (see Finding 2, pages 6 through 9, for more information).
7. Discontinue holding Board meetings outside the District's boundaries, which is not in accordance with open meeting law and is an unnecessary expense to the District (see Finding 2, pages 6 through 9, for more information).
8. Follow USFR requirements and implement procedures to ensure that all travel expenditures and reimbursements are planned for the convenience of the District using the most reasonable and economic means and do not exceed ADOA-established maximum rates (see Finding 2, pages 6 through 9, for more information).
9. Develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented in accordance with the State's Minimum Standards (see Finding 3, pages 10 through 12, for more information).
10. Establish and implement a policy that states what school bus preventative maintenance work will be completed at what mileage and time frame and perform and document the bus preventative maintenance in a systematic and timely manner in accordance with the policy and the State's Minimum Standards (see Finding 3, pages 10 through 12, for more information).
11. Accurately calculate and report to ADE for State funding purposes the number of route and other miles traveled and actual number of eligible students transported (see Finding 3, page 12, for more information).

12. Work with ADE regarding needed corrections to its transportation funding reports until all funding errors that the misreported mileage and riders caused are fully corrected (see Finding 3, page 12, for more information).
13. Evaluate and implement additional controls over its fuel and supplies inventory to help ensure proper accounting of all fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified (see Finding 3, page 13, for more information).





## Objectives, scope, and methodology

We have conducted a performance audit of Gadsden Elementary School District pursuant to Arizona Revised Statutes §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*. This audit was limited to reviewing instructional and noninstructional operational spending (see textbox). 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.

### 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.

Noninstructional spending reviewed for this audit includes the following:

- **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 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 40 of the 1,012 individuals who received payments in fiscal year 2018 through the District's payroll system and reviewed supporting documentation for 30 of the 14,906 fiscal year 2018 accounts payable transactions. 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 changes in spending patterns. We also evaluated other internal controls that we considered significant to the audit objectives. 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 in this report.

**Peer groups**—We developed 3 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 these groups. 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). We also reported the District’s ADE-assigned school letter grades. To compare the District’s operational efficiency in administration, plant operations and maintenance, and food service, we developed a peer group using district size, type, and location. To compare the District’s transportation efficiency, we developed a peer group using a 5-year historical average of miles per rider and location. We used these factors because they are associated with districts’ cost measures in these areas.

Comparison areas	Factors	Group characteristics	Number of districts in peer group
Student achievement	Poverty rate District type Location	Between 30 and 33% Elementary school districts Towns and rural areas	12
Administration, plant operations and maintenance, and food service	District size District type Location	Between 600 and 7,999 students Elementary school districts Towns and rural areas	10
Transportation	Miles per rider Location	Less than 245 miles per rider Towns and rural areas	18

Source: Auditor General staff analysis of district poverty rates from the U.S. Census Bureau; location data from the National Center for Education Statistics; and district type, number of students, miles, and riders from the Arizona Department of Education.

**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 and school administrators, department supervisors, and other support staff who were involved in activities we considered significant to the audit objectives.
- **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.
- **Documentation reviews**—We reviewed various sets of District documentation, including all credit card statements from fiscal year 2018, cash deposit documentation for September 2017 and April 2018, bus driver files for 10 of the District’s 20 drivers, and bus maintenance and safety records for 10 of the District’s 34 buses. Additionally, we reviewed documentation related to travel expenses for the District’s out-of-State Board meetings in fiscal years 2015 through 2019, including hotel invoices, travel claims, vehicle rentals, and fuel purchases. Further, we reviewed the District’s contract with and invoices from its food service management company.

- **Analysis**—We reviewed and evaluated fiscal year 2018 spending on administration, plant operations and maintenance, food service, and transportation and compared it to peer districts'. We also compared the District's square footage per student and meals served per student to peer districts'. Additionally, we reviewed the District's revenues and expenditures associated with its food service program to determine whether the District was covering all its costs.

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

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32**

1350 E. Cesar Chavez Blvd.  
P.O. Box 6870  
San Luis, AZ 85349  
(928) 627-6540  
FAX: (928) 627-3635

Dr. Raymond V. Aguilera, Superintendent

“STUDENT CENTERED LEARNING IN  
AN ENGLISH LEARNING COMMUNITY”

Governing Board  
Luis Marquez, President  
Tadeo De La Hoya, Clerk  
Guillermina Fuentes  
Gloria Torres  
Rosa Varela

April 20, 2020

State of Arizona  
Office of the Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Attn: Lindsey Perry, Auditor General

Dear Ms. Lindsey Perry,

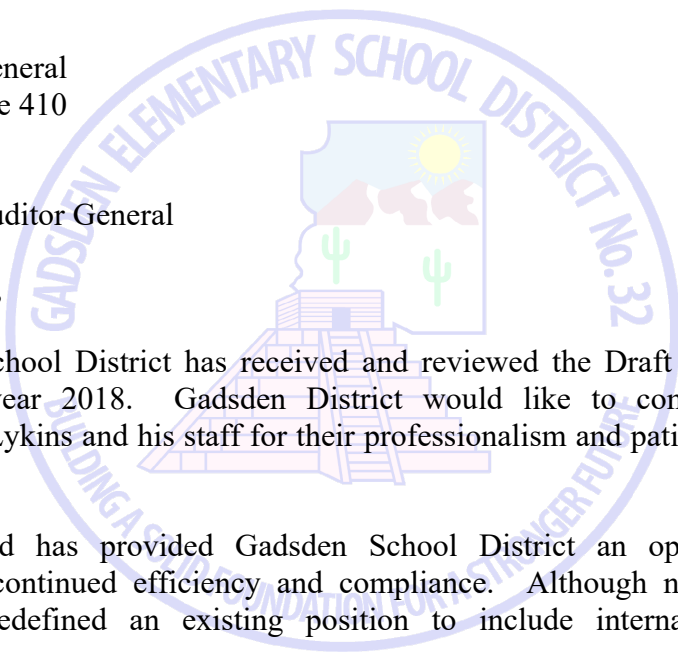
Gadsden Elementary School District has received and reviewed the Draft Performance Audit conducted for fiscal year 2018. Gadsden District would like to commend and extend appreciation to Joshua Lykins and his staff for their professionalism and patience throughout the process.

The information shared has provided Gadsden School District an opportunity to make improvements toward continued efficiency and compliance. Although not reflected in this document, we have redefined an existing position to include internal auditing for all organizational areas.

Please find attached the District’s response to each finding and recommendation.

Sincerely,

Raymond Aguilera, Ed.D  
Superintendent of Schools  
Gadsden Elementary School District #32



*“From Wild West to Nation’s Best.”  
Johns Hopkins University*

**Finding 1:** District's poor administration of employee pay resulted in hourly employees being paid for holidays and other time not worked without documentation to support Governing Board approval and inappropriate payments to some employees

District Response: The District agrees with the finding.

Gadsden Elementary School District #32 agrees on the findings concerning documentation to Governing Board regarding holiday pay to hourly employees. The District will be reviewing additional guidelines to assist in ensuring that timesheets submitted accurately indicate hours worked.

**Recommendation 1:** The District should ensure that its Board is aware of and approves the number of paid holidays provided to hourly employees and ensure that hourly employee contracts or other District documents contain all agreed-upon terms of employment, including the number of days, holidays, and hours per day for which an employee will be compensated.

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

Gadsden Elementary School District #32, will ensure, working with district legal counsel, that the Governing Board is presented for approval the number of paid holidays provided to hourly employees and ensure that hourly employee contracts, or other District documents contain all agreed-upon terms of employment, including number of days, holidays, and hours per day for which an employee will be compensated.

**Recommendation 2:** The District should ensure that the Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an agreed-upon compensation package.

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

The District will ensure that the Governing Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an an agreed-upon compensation package. Employee schedules will be reviewed and modified as needed to reflect accurate time on timesheet.

**Recommendation 3:** The District should develop and implement formal, written payroll policies and procedures to increase oversight at its schools and departments to ensure that all District payroll policies and procedures are applied consistently to reduce the risk of inappropriate payments.

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

The District is currently in the process of implementing an employee time clock system (TimeClock Plus) for implementation in fiscal year 20/21. This system will only allow employees to clock in/out using employee fingerprint, to reduce any risk of inappropriate payments. Also, the time clock system will be setup to require pre-approval of overtime work by supervisor.

**Recommendation 4:** The District should separate responsibilities for entering and updating employee payrates and deductions in the accounting system from the responsibilities for processing payroll to reduce the risk of inappropriate adjustments to employee pay and benefits.

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

Procedures in the payroll department have been implemented to assure that each payroll employee cannot update/access their own file, including deductions. Currently, only the HR department can update or modify employees pay rate (except their own) on primary assignments. The District will further review payroll procedures to assure that separations of duties are appropriately applied. The District will implement a new software "Visions" which will improve our entire central office operations.

**Finding 2:** District limited public access to Governing Board meeting by holding it out of State and wasted more than \$65,000 of public monies on unnecessary travel expenses

District Response: The District agrees with the finding.

The annual district audit from external financial auditors, did not identify this area as a concern. The annual board retreats have always been posted as required by the open meeting law. All future District board retreats and board meetings will be held in Gadsden community with proper posting.

**Recommendation 5:** The District should consult with legal counsel to ensure its meeting policies and procedures, including the locations selected for conducting meetings, comply with open meeting law.

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

District has conferred with legal counsel in this matter. All board meetings will follow policies and procedures to comply with the open meeting law. District work study sessions have always posted as informational only sessions, and no action taken.

**Recommendation 6:** The District should consult with legal counsel to determine and implement any necessary procedures to address potentially invalid District actions taken at meetings that were not easily accessible to the public.

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

The District has conferred with legal counsel in this matter. District will ensure that all agendas posted for work study session indicate, information item only. No action items have ever been posted to work study sessions. With the exception of the identified study sessions, all board meetings have been local and conducted as posted in the Gadsden School District community. All future District work study sessions, will be conducted locally and posted, to ensure adequate accessibility to the public

**Recommendation 7:** The District should discontinue holding Board meetings outside the District's boundaries, which is contrary to open meeting law and is an unnecessary expense to the District.

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

The District will schedule all future governing board meetings and board work study sessions in the Gadsden community to rectify the expenditure issues cited, within the open meeting law.

**Recommendation 8:** The District should follow USFR requirements and implement procedures to ensure that all travel expenditures and reimbursements are planned for the convenience of the District using the most reasonable and economic means and do not exceed ADOA-established maximum rates.

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

The District will follow USFR requirements and have implemented procedures in place. The District constantly strives to implement best practices regarding travel expenditures and reimbursements.

**Finding 3:** Inadequate oversight of District transportation program led to potential student safety risk, reporting errors, and increased risk of fuel and supplies misuse

District Response:  
The District agrees with the finding.

The District agrees that the Transportation department needs to improve its transportation program oversight. Specifically addressing the three areas stated in the General Auditor report, in addition, will follow the State's Minimum Standards for School Buses and School Bus Drivers.

**Recommendation 9:** The District should develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented in accordance with the State's Minimum Standards.

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

The District will ensure that bus drivers meet certification requirements as noted in the report reference to chart on page 10. Presently, we have established adequate procedures and will maintain a spreadsheet to log and track all bus drivers required documents. This practice will prevent inconsistencies in tracking required documentation.

**Recommendation 10:** The District should establish and implement a policy that states what school bus preventative maintenance work will be completed at what mileage and time frame and perform and document the bus preventative maintenance in a systematic and timely manner in accordance with the policy and the State's Minimum Standards.

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



Gadsden District takes very seriously the tracking and practices of bus preventative maintenance. The Transportation Director has established procedures for the maintenance of all vehicles and buses in the District. The new procedures will ensure that all buses meet the required State's Minimum Standards.

**Recommendation 11:** The District should accurately calculate and report to ADE for State funding purposes the number of route and other miles traveled and actual number of eligible students transported.

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

The District has corrected the calculation worksheet to accurately report the number of route miles and any other miles traveled. The District has also corrected the calculation of the eligible students transported. This worksheet was modified in FY 2019 revised budget.

**Recommendation 12:** The District should work with ADE regarding needed corrections to its transportation funding reports until all funding errors that the misreported mileage and riders caused are fully corrected.

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

The District has corrected and submitted transportation funding reports to ADE properly since FY 2019 budget revision.

**Recommendation 13:** The District should evaluate and implement additional controls over its fuel and supplies inventory to help ensure proper accounting of all fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified.

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

The District will ensure that adequate procedures are established to address preventative measures. The District, has implemented additional controls over fuel and supplies inventory, to help ensure proper accounting of all district fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified. The District has made every effort to sufficiently oversee the transportation program, but will look to the Auditor General and ADE (Minimum Standards) to consider how to best support and implement innovative practices such as monitoring and tracking mileage, service and inspections, fuel usage, repair orders and parts inventory.



The May 2020 Gadsden Elementary School District performance audit found that the District paid employees for time not worked, limited public access to some Governing Board (Board) meetings and wasted \$65,000 on unnecessary travel, and lacked oversight of its transportation program. We made 13 recommendations to the District, and its status in implementing the recommendations is as follows:

**Status of 13 recommendations**

Implemented	8
Implementation in process	4
<b>Not implemented</b>	<b>1</b>

We will conduct a 48-month followup with the District on the status of the recommendations that have not yet been implemented.

**Finding 1: District’s poor administration of employee pay resulted in hourly employees being paid for holidays and other time not worked without documentation to support Governing Board approval and inappropriate payments to some employees**

1. The District should ensure that its Board is aware of and approves the number of paid holidays provided to hourly employees and ensure that hourly employee contracts or other District documents contain all agreed-upon terms of employment, including the number of days, holidays, and hours per day for which an employee will be compensated.

**Implemented at 36 months**—In May 2020, the District developed a new Board-approved policy outlining the paid holidays for which full-time hourly employees are eligible to be paid. Additionally, in May 2023, the Board approved fiscal year 2024 work calendars outlining the number of days that positions are expected to work and which positions are eligible for paid holidays. Beginning in fiscal year 2023, the District began including key terms of employment in its contracts, including the number of days and hours per day the hourly employees are expected to work, each employee’s position, and whether the employee is considered to be full-time. The District provides information to its Board about some key employment terms such as the employee position and number of days for which an employee will be compensated. By providing information about some key agreed-upon terms of employment and the work calendars to its Board, the District provides the Board the necessary information to ensure it is aware of and approves the number of paid holidays provided to each hourly employee.

2. The District should ensure that the Board reviews and approves its hourly employee contracts and related payroll calendars so that all payments made to employees are appropriate and that all paid days are for actual time worked or part of an agreed-upon compensation package.

**Implementation in process**—As reported in the explanation for Recommendation 1, beginning in fiscal year 2023, the District’s employment contracts for hourly employees included key terms of employment, such as the number of days and hours per day the employees are expected to work. In May 2023, the Board approved fiscal year 2024 work calendars outlining the number of days that positions are expected to work and which positions are eligible for paid holidays. Additionally, in May 2023, the District began providing information about some key employment terms from the employee contracts to the Board for review and approval. However, the District has not provided the Board with the number of hours per day to be worked for positions or employees. According to District officials, the District will begin including the hours per day to be worked with the other key employment terms provided to the Board when hiring or extending employee contracts starting in June 2023.

3. The District should develop and implement formal, written payroll policies and procedures to increase oversight at its schools and departments to ensure that all District payroll policies and procedures are applied consistently to reduce the risk of inappropriate payments.

**Implemented at 36 months**—At the beginning of fiscal year 2021, the District replaced its hard copy time sheets with an electronic timekeeping system to track employee time more consistently and trained its employees on the use of the system to reduce the risk of inappropriate payments to employees. In May 2023, the District developed and implemented formal, written payroll policies and procedures for its schools and departments to ensure employees accurately enter their time in the timekeeping system, supervisors review their employees' time consistently, and employees are paid for actual hours worked. We reviewed reports from the electronic timekeeping system for 2 pay periods in May 2023 and found that the District complied with its policy in the areas we reviewed, such as having supervisory approval for each employee's hours worked.

4. The District should separate responsibilities for entering and updating employee payrates and deductions in the accounting system from the responsibilities for processing payroll to reduce the risk of inappropriate adjustments to employee pay and benefits.

**Implementation in process**—The District adopted a new accounting system in July 2021. Instead of separating responsibilities for entering and updating employee payrates and deductions in the accounting system from responsibilities for processing payroll as we recommended, in April 2023, the District began developing a compensating control that requires an administrative employee with read-only access in the accounting system to review change logs to identify changes made by some business office employees. District officials stated that while they continue to develop a compensating control, they will also evaluate staff responsibilities to determine if changes can be made to separate responsibilities for entering and updating employee payrates and deductions in the accounting system from responsibilities for processing payroll. The *Uniform System of Financial Records for School Districts* (USFR) requires that adequate separation of responsibilities should be maintained but indicates that the extent to which duties are separated depends on the size of the organization and the risk associated with activities. According to the USFR, smaller organizations may rely more extensively on supervisory review control activities. However, proper internal controls are especially important for Gadsden ESD because our August 2021 financial investigation report (Arizona Auditor General report 21-403) found that District officials failed to provide adequate oversight or ensure payroll responsibilities were adequately separated, and an individual altered data in the District's payroll system and was indicted on 7 felony counts related to theft, misuse of public monies, fraudulent schemes, and computer tampering. In March 2022, this individual was sentenced to serve 3 years supervised probation and pay \$7,791 full restitution to the District. Further, in our August 2021 financial investigation report, we also recommended that the District separate responsibilities and require an independent review by District management to help deter and detect fraud. We will evaluate the District's controls for entering and updating employee payrates and deductions in the accounting system and processing payroll at our 48-month followup to determine the controls' effectiveness.

## **Finding 2: District limited public access to Governing Board meeting by holding it out of State and wasted more than \$65,000 of public monies on unnecessary travel expenses**

5. The District should consult with legal counsel to ensure its meeting policies and procedures, including the locations selected for conducting meetings, comply with open meeting law.

**Implemented at 6 months**—The District consulted with its legal counsel and is now holding all Board meetings at the District. In addition, we had forwarded our May 2020 performance audit report to the Arizona Attorney General's Office (Office), and in July 2020, the Office sent the District's Board a letter stating that the Office had determined that a violation of the Open Meeting Law occurred in connection with holding the June 30, 2018, public meeting at an out-of-State location. The Office required the District to share the Office's finding of a violation of the Open Meeting Law with the public at the next Board meeting, which the District did at its August 2020 meeting. The Office also required all District Board members, the superintendent, and any staff who play a role in the Board's public meetings to review the Open Meeting Law statutes and Arizona Agency Handbook regarding open meetings and submit an affidavit of completion to the Office.

6. The District should consult with legal counsel to determine and implement any necessary procedures to address potentially invalid District actions taken at meetings that were not easily accessible to the public.

**Implemented at 6 months**—The District consulted with legal counsel regarding the adherence of its policies and procedures to open meeting law and to identify and address potentially invalid District actions taken at meetings not easily accessible to the public. The District determined that no prior actions of the District are void and require ratification.

7. The District should discontinue holding Board meetings outside the District's boundaries, which is contrary to open meeting law and is an unnecessary expense to the District.

**Implemented at 24 months**—All in-person Board meetings are now held at the District.

8. The District should follow USFR requirements and implement procedures to ensure that all travel expenditures and reimbursements are planned for the convenience of the District using the most reasonable and economic means and do not exceed Arizona Department of Administration (ADOA)-established maximum rates.

**Implemented at 24 months**—The District has implemented new procedures to help ensure that travel expenditures and reimbursements are planned using the most reasonable and economic means, which include not paying or reimbursing employees for amounts above the ADOA-established maximum rates. We reviewed a sample of 3 fiscal year 2022 travel reimbursements and found the District followed USFR requirements and its procedures.

### **Finding 3: Inadequate oversight of District transportation program led to potential student safety risk, reporting errors, and increased risk of fuel and supplies misuse**

9. The District should develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented in accordance with the State's Minimum Standards.

**Implemented at 24 months**—The District is now using computer software to track and document bus driver certification requirements. We reviewed files for 4 of the 22 fiscal year 2022 bus drivers and found that all certification requirements were current and appropriately documented in accordance with the State's Minimum Standards. Additionally, the District implemented procedures to randomly select drivers for drug and alcohol testing and appropriately maintained documentation of the test results.

10. The District should establish and implement a policy that states what school bus preventative maintenance work will be completed at what mileage and time frame and perform and document the bus preventative maintenance in a systematic and timely manner in accordance with the policy and the State's Minimum Standards.

**Implementation in process**—In July 2020, the District began using fleet management software to track its school bus preventative maintenance, and in May 2023, the District developed a formal, written policy that states the school bus preventative maintenance work to be completed at specified mileage and time frame intervals. District officials stated that the formal, written policy was immediately implemented. Additionally, the District has developed a standardized checklist to document when preventative maintenance is completed and what work is performed. We will review the District's efforts to implement and follow its preventative maintenance policies and procedures at our 48-month followup.

11. The District should accurately calculate and report to the Arizona Department of Education (ADE) for State funding purposes the number of route and other miles traveled and actual number of eligible students transported.

**Implemented at 24 months**

12. The District should work with ADE regarding needed corrections to its transportation funding reports until all funding errors that the misreported mileage and riders caused are fully corrected.

**Not implemented**—Despite District officials being aware of the District's fiscal year 2018 transportation reporting error since before the performance audit was issued in May 2020, they waited until March 2022 to contact ADE to request that the District's fiscal year 2018 miles and riders and the funding generated from those miles and riders be updated. However, ADE can modify data that impacts State aid for only the previous 3 years, and because of the District's significant delay in reporting, ADE was not able to process the District's request to modify its fiscal year 2018 miles and riders. As discussed in our Gadsden Elementary School District performance audit report (Arizona Auditor General report 20-204), because transportation funding is based on miles and riders reported in the prior fiscal year, the District's reporting errors in fiscal year 2018 resulted in the District being overfunded by about \$218,000 in State monies in fiscal year 2019.

13. The District should evaluate and implement additional controls over its fuel and supplies inventory to help ensure proper accounting of all fuel and supply usage, including safeguarding fuel keys, reconciling all fuel logs to fuel purchases, maintaining accurate fuel and supplies inventory records, and investigating any discrepancies identified.

**Implementation in process**—In July 2020, the District purchased new fuel and supply management systems to help track and manage its fuel usage and supplies inventory. According to District officials, each vehicle in the District's fleet is assigned a fueling key, which is kept with the vehicle, and additional keys are securely stored in the transportation

office. Additionally, the fuel management system requires employees to input a unique identification number and the odometer reading when fueling vehicles. District officials reported that in May 2023, the District began developing a process to conduct weekly reviews of odometer entries to identify errors and monthly reviews of fuel logs for reasonableness and appropriateness, and that its process will require staff to investigate any discrepancies identified during these reviews. The District plans to create a department handbook with the review procedures and reported that the process for reviewing fuel logs and investigating identified discrepancies will be implemented by August 2023. Finally, District officials reported that the District plans to perform transportation supply inventory reconciliations each year during the summer, starting in calendar year 2023. We will review the District's efforts to implement additional controls over its fuel and supplies inventory at our 48-month followup.



**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**DATE:** June 19, 2023

**TO:** Senator Sonny Borrelli, Chair  
Representative Matt Gress, Vice Chair  
Members, JLAC

**FROM:** Lindsey Perry, Auditor General

**SUBJECT:** Office presentation on the Arizona Department of Child Safety—Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices, September 2021 report and 18-month follow-up report

### **Background**

A.R.S. §8-465 requires the Office to perform ongoing audits of the Arizona Department of Child Safety (Department), and the Legislature has provided the Office funding for a permanent 3-person audit team for these audits. In September 2021, we issued a special audit report on the Department's practices for classifying and locating runaway or missing children and a comparison of the Department's practices with best practices, pursuant to Laws 2020, Ch. 53, §3.

We were asked to present the 18-month follow-up report on the 2021 special audit. Jeff Gove, Performance Audit Division Director, will provide an overview of the special audit report and the Department's status as of June 2023 for implementing the 4 recommendations made to it.

Attached is the initial Department of Child Safety special audit report issued in September 2021 and the 18-month follow-up report issued in June 2023.

### **Action required**

None. Presented for JLAC's information only.

# Arizona Department of Child Safety

## Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices

Department's practices for classifying and locating children missing from care are generally consistent with recommended practices, but caseworkers did not always comply with documentation requirements, the Department and law enforcement have not formalized expectations for collaboration, and the Department lacks some detailed guidance for caseworkers' ongoing efforts to locate children missing from care

Special Report

September 2021  
Report 21-113

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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September 24, 2021

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Mr. Michael Faust, Director  
Arizona Department of Child Safety

Transmitted herewith is a report of the Auditor General, *A Special Report of the Arizona Department of Child Safety—Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices*. This report is in response to Laws 2020, Ch. 53, §3, and was conducted under the authority vested in the Auditor General by Arizona Revised Statutes §41-1279.03. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona Department of Child Safety agrees with all the findings and plans to implement or implement in a different manner all the recommendations.

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

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

## Arizona Department of Child Safety Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices

Department's practices for classifying and locating children missing from care are generally consistent with recommended practices, but caseworkers did not always comply with documentation requirements, the Department and law enforcement have not formalized expectations for collaboration, and the Department lacks some detailed guidance for caseworkers' ongoing efforts to locate children missing from care

### Audit purpose

To compare the Department's practices for classifying and locating runaway or missing children with best practices.

### Key findings

- The Department is responsible for helping to locate children missing from care (runaway or missing/abducted children).
- The Department's practices for classifying and locating children missing from care are generally consistent with many practices recommended by the Child Welfare League of America. For example, the Department maintains a 24/7 hotline that can be contacted to report children missing from care and requires caseworkers to notify law enforcement and other key stakeholders within 24 hours about children missing from care.
- Caseworkers did not always comply with Department documentation requirements in cases we reviewed, including documenting that all required notifications were made and documenting efforts to locate children within 10 days of making those efforts. The Department implemented a biweekly review process in 2020 to help ensure that information about children missing from care is accurate and up to date in its case management system.
- Although a recommended practice, the Department and law enforcement have not formalized expectations for their respective roles and responsibilities for locating children missing from care. The Department reported that formalizing expectations with law enforcement would be of value, but establishing a formal agreement with each of the approximately 150 law enforcement agencies in Arizona would be impractical.
- The Department lacks some detailed guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care.

### Key recommendations

The Department should:

- Revise its policies to provide guidance on when specific stakeholder notifications and documentation of those notifications by caseworkers are not applicable.
- To help ensure timely documentation, expand its biweekly review process to include determining whether efforts to locate children missing from care are occurring and documented in case notes.
- Work with law enforcement to formalize expectations regarding their respective roles and responsibilities for locating children missing from Department care. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with 1 or more law enforcement agencies in Arizona.
- Update its policies and/or develop supplemental guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care, and ensure caseworkers who manage cases involving children missing from care are informed of and trained on this additional guidance.



# TABLE OF CONTENTS

<b>Introduction</b>	1
<b>Finding 1: Department practices for classifying and locating children missing from care are generally consistent with CWLA-recommended practices, but caseworkers did not always comply with documentation requirements</b>	4
Department practices for classifying and locating children missing from care are generally consistent with CWLA-recommended practices	
Caseworkers did not always comply with Department documentation requirements in cases we reviewed	
Department has 2 processes for reviewing cases of children missing from care	
Recommendations	
<b>Finding 2: Department and law enforcement have not formalized expectations for collaboration, and Department lacks some detailed guidance for caseworkers' ongoing efforts to locate children missing from care</b>	8
Department and law enforcement have not formalized expectations for their respective roles and responsibilities for locating children missing from care	
Department policies lack some detailed guidance for caseworkers' ongoing efforts to locate children missing from care	
Recommendations	
<b>Summary of recommendations: Auditor General makes 4 recommendations to the Department</b>	12
<b>Appendix A: Scope and methodology</b>	a-1
<b>Department response</b>	
<b>Figure</b>	
1 Number of children the Department reported were on runaway or missing status as of the end of each month in calendar year 2020 (Unaudited)	3



The Arizona Auditor General has released a special report on the Arizona Department of Child Safety's (Department) practices for classifying and locating runaway or missing children and a comparison of the Department's practices with best practices, as required by Laws 2020, Ch. 53, §3. For the purposes of this report, "children missing from care" refer to children in out-of-home care who have either run away from a placement or are missing/abducted unless we specifically refer to children classified as either runaway or missing/abducted (see textbox).

## Department responsible for helping locate children missing from care

Federal law requires states to (1) develop protocols for expeditiously locating any child missing from foster care and (2) report information on specified missing or abducted children or youth to law enforcement for entry into the National Crime Information Center (NCIC) missing person database.<sup>1,2</sup> Arizona Revised Statutes (A.R.S.) §8-810 similarly requires the Department to (1) notify law enforcement of children for whom the Department receives a report or information indicating that a child is at risk of serious harm and whose location is unknown and (2) provide the information required for law enforcement to enter the children into the Arizona Crime Information Center (ACIC) and NCIC.<sup>3</sup>

The Department may learn that a child is missing from care in several ways. For example, the Department requires foster parents and congregate care staff to inform the Department within 2 hours of becoming aware that a child is missing from care. The Department can also learn that a child is missing from care during a child welfare investigation or from other knowledgeable parties, such as the child's family.

The Department has implemented 2 separate policies for locating children missing from care, including a policy for children classified as runaway and a policy for children classified as missing/abducted. Although

### Key terms

**Child missing from care**—A child in Department care (i.e., a child who is a ward of the court and placed in the Department's care, custody, and control) who is either runaway or missing/abducted (see next 2 definitions).

**Runaway child**—A child in Department care who has voluntarily run away from an out-of-home placement. Literature indicates that running away is a relatively common experience, especially among children in out-of-home care.<sup>1</sup> According to a Department report, runaway children as of December 31, 2020, were 16 years old on average.

**Missing/abducted child**—A child in Department care who is abducted or otherwise missing. A child is considered abducted when a person takes, entices, or keeps the child from the Department's lawful custody or intentionally fails or refuses to immediately return or impedes the immediate return of the child to the Department. According to a Department report, missing/abducted children as of December 31, 2020, were 6 years old on average.

<sup>1</sup> Dworsky, A., Wulczyn, F., & Huang, L. (2018). Predictors of running away from out-of-home care: Does county context matter? *Cityscape: A Journal of Policy Development and Research*, 20(3), 101-115. Retrieved 2/9/21 from <https://www.huduser.gov/portal/periodicals/cityscape/vol20num3/ch5.pdf>.

Source: Auditor General staff review of Department policies, a Department report, and literature.

<sup>1</sup> 42 USC 671(9) & (35) specify that the reporting requirement relates to children and youth for whom states have responsibility for placement, care, or supervision and who the states have reasonable cause to believe are, or are at risk of being, sex trafficking victims.

<sup>2</sup> NCIC is the nation-wide database maintained by the Federal Bureau of Investigation (FBI) and available to federal, state, and local law enforcement and other criminal justice agencies for tracking crime-related information, such as missing persons. According to the FBI, information in NCIC assists agencies in criminal justice and law enforcement objectives, such as locating missing persons.

<sup>3</sup> The ACIC is the Arizona counterpart to the NCIC.

the specific actions outlined in these 2 policies differ in some ways, the Department's process for classifying and locating runaway and missing/abducted children generally involves the following actions:<sup>4</sup>

- **Department policies require updating its case management system to reflect the child's status—** Department policies require DCS specialists (caseworkers) to update its case management system to reflect the child's status as runaway or missing (which includes abducted children).<sup>5</sup>
- **Department policies require key stakeholders to be notified—** Department policies require caseworkers to notify various stakeholders, including law enforcement, the child's out-of-home caregiver, parent(s), guardian ad litem and/or attorney, and the courts, within 24 hours of the Department learning a child is missing from care.<sup>6,7</sup> Department policies also require caseworkers to notify the National Center for Missing and Exploited Children (NCMEC), although effective September 29, 2021, Laws 2021, Ch. 364, §1, requires law enforcement to notify NCMEC. NCMEC, a private nonprofit organization, is the national clearinghouse and resource center for information about missing and exploited children. According to NCMEC, its staff can create and disseminate missing child posters to help generate leads and raise public awareness about missing children.
- **Caseworker conducts efforts to locate the child until the child is found or is no longer a ward of the court—** Although not always specified in Department policies (see Finding 2, pages 9 through 10, for additional information), caseworkers conduct efforts to locate children missing from care. Department policies require caseworkers to complete some actions to locate the child, including contacting parties that may have information about the child or the child's whereabouts, such as persons significant to the child and caregivers from prior placements.<sup>8</sup> Department policies also require all efforts to locate the child to be documented as case notes in the Department's case management system. Caseworkers can also request assistance from other Department staff, including specialized field staff and OCWI staff. These staff have access to various databases that can help in the search for information leads on the child's whereabouts, such as a school registration database. According to the Department, its efforts to locate the child should remain ongoing until the child is found or is no longer a ward of the court, such as when the child turns 18 years old.

## Statute requires Department to report information about children missing from care

A.R.S. §8-526 requires the Department to report the number of children in Department care by placement type, and the Department includes this information in 2 reports that are available on its website: the *Semi-Annual Child Welfare Report* and the *Monthly Operational and Outcome Report (MOOR)*.<sup>9,10</sup> The Department uses 2

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<sup>4</sup> Examples of differences in the policies include the policy for missing children requiring the Department's Office of Child Welfare Investigations (OCWI) to be notified when a child goes missing and the policy for runaway children including criteria for referring high-risk runaway cases to OCWI staff for specialized assistance. The OCWI is a criminal justice agency within the Department that has investigative authority when criminal conduct is alleged.

<sup>5</sup> In February 2021, the Department transitioned to a new case management system, Guardian, from its prior case management system, CHILDS.

<sup>6</sup> The Department reported that if a child's out-of-home caregiver notifies the Department that the child is missing, the Department does not need to notify the caregiver. However, this is not stated in the Department's policy.

<sup>7</sup> A.R.S. §8-531 defines guardian ad litem as a person whom a court appoints to protect the interest of a minor in a particular case before the court.

<sup>8</sup> Department policies do not include required time frames for making these initial contacts.

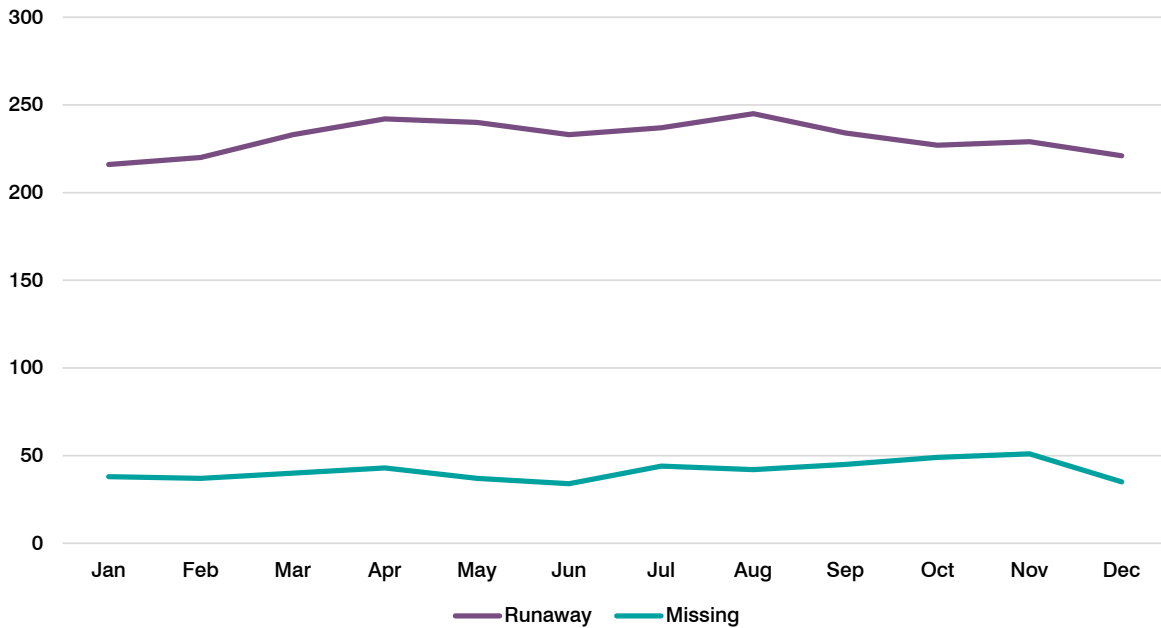
<sup>9</sup> The Department has not reported the number of children in Department care by placement type in the MOOR since its transition to Guardian in February 2021. According to Department staff, as of August 2021, the Department was still working to develop the reports in Guardian needed to report this information.

<sup>10</sup> The Department has a data validation process for its *Semi-Annual Child Welfare Report*. As part of this process, Department staff review the accuracy of the status of children aged 12 years or younger classified as runaway in the Department's case management system. The Department reported that children under the age of 12 are less likely to have run away, and if a child's status is determined to be incorrectly entered as runaway, the status will be updated to missing.

placement types to reflect the status of children missing from care in these reports, including the placement type “runaway” for runaway children and the placement type “missing” for missing/abducted children. Figure 1 shows the number of children the Department reported were on runaway or missing status as of the end of each month in calendar year 2020. As shown in the figure, the number of runaway children ranged from 216 to 245 children as of the end of each month, and the number of missing children ranged from 34 to 51 children as of the end of each month. The number of runaway and missing children combined comprised about 2 percent of the children in Department care as of the end of each month during calendar year 2020.

**Figure 1**  
**Number of children the Department reported were on runaway or missing status as of the end of each month in calendar year 2020<sup>1</sup>**

(Unaudited)



<sup>1</sup> These numbers represent all children on runaway or missing status as of the end of each calendar month, including new runaway or missing children and children who remain missing from care from a previous month(s).

Source: Auditor General staff review of information from the Department’s *Monthly Operational and Outcome Reports*.

Further, Laws 2021, Chapter 294, §1, revises statute to include additional reporting requirements for runaway and abducted children.<sup>11</sup> The law requires the Department to report specific information about both runaway and abducted children for each 6-month period beginning January 1, 2022 through December 31, 2026. For example, the law requires the Department to report:

- The number of new runaway episodes and child abductions during the reporting period.
- The number of runaway and abducted children returned to care during the reporting period.
- The number of children on runaway or abducted status as of the last day of the reporting period (by age and by categories of length of time on the status).
- For runaway children, the placement location from which the child ran away, including licensed foster homes, nonlicensed kinship placements, group homes, and other placements.

<sup>11</sup> Although the law requires the Department to report information on abducted children, as stated previously the Department uses 2 classifications for children missing from care: runaway and missing (which includes abducted children). As of July 2021, the Department reported that it did not have plans to create a third classification specifically for abducted children.





## Department practices for classifying and locating children missing from care are generally consistent with CWLA-recommended practices, but caseworkers did not always comply with documentation requirements

**LEGISLATIVE REQUEST:** Compare the Department's practices for classifying and locating runaway or missing children with best practices.

**CONCLUSION:** The Department's practices for classifying and locating children missing from care are generally consistent with many practices we reviewed that are recommended by the Child Welfare League of America (CWLA). For example, the Department has classifications for children missing from care, maintains a 24/7 hotline that can be contacted to report children missing from care, requires caseworkers to notify law enforcement and other stakeholders about children missing from care, and requires timely documentation of caseworkers' efforts to locate these children. However, caseworkers did not always comply with the Department's documentation requirements in cases we reviewed. For example, caseworkers did not always document that every required notification was made or document their efforts to locate children within 10 days of the effort, as required by Department policies. The Department has 2 processes for reviewing cases of children missing from care that can help ensure notifications and efforts to locate the children are made, including monthly supervisory case reviews and biweekly reviews of children missing from care.

### Department practices for classifying and locating children missing from care are generally consistent with CWLA-recommended practices

We compared the Department's practices to practices recommended by the Child Welfare League of America (CWLA)—a coalition of hundreds of private and public agencies that provides best practices on policies, programs, and practices related to child welfare.<sup>12,13</sup> The CWLA's practice guidelines are intended to help child welfare agencies effectively respond when children go missing from care.<sup>14,15</sup> The Department's practices for classifying and locating children missing from care are generally consistent with many of CWLA's recommended practices we reviewed. For example, the Department:

<sup>12</sup> We selected the CWLA guidelines for comparison to Department practices based on suggestions from 2 best practice organizations: Chapin Hall at the University of Chicago and NCMEC. Chapin Hall at the University of Chicago is a nonpartisan, nonprofit organization that engages in research and dissemination to inform public and private decision makers and evidence-based policies and practices to improve the lives of children, youth, and families.

<sup>13</sup> In addition to reviewing the CWLA's guidelines, we also interviewed CWLA staff about them.

<sup>14</sup> Child Welfare League of America. (2005). *CWLA best practice guidelines: Children missing from care*. Washington, DC.

<sup>15</sup> The CWLA's practice guidelines also address other practices related to children missing from care, such as practices for decreasing the likelihood of children going missing from care and ensuring that children returned to care, their caregivers, and their birth families receive appropriate services and support. We limited our comparison of Department practices to the CWLA's recommended practices to only those practices related to classifying and locating children missing from care, as directed by Laws 2020, Ch. 53, §3.



- **Has classifications for children missing from care**—According to the CWLA, child welfare agencies should define terms used for children missing from care, which should depend on the statutes in the child welfare agency’s state and are intended to facilitate a common language for effective communication. As stated in the Introduction (see pages 1 through 2), the Department uses 2 classifications for children missing from care: runaway and missing, which includes abducted children. In addition, the Department’s definition for abducted children is consistent with statute.<sup>16</sup>
- **Maintains dedicated staff for receiving missing child reports through its 24/7 hotline**—According to CWLA staff, maintaining a dedicated point of contact who is available at all times to receive missing child reports is necessary because caseworkers are often busy. Consistent with this recommended practice, the Department maintains a 24/7 hotline that can be contacted to report a child missing from care.
- **Requires notification of key stakeholders about children missing from care**—According to the CWLA, child welfare agencies should provide timely and relevant information to various stakeholders regarding the child’s status. As stated in the Introduction (see page 2), Department policies require caseworkers to notify various stakeholders that a child is missing from care within 24 hours of receiving this information, including law enforcement, the child’s out-of-home caregiver, parent(s), guardian ad litem and/or attorney, the courts, and NCMEC, a private nonprofit organization that can create and disseminate missing child posters to help generate leads and raise public awareness about missing children. Laws 2021, Ch. 364, §1, requires law enforcement to notify NCMEC effective September 29, 2021.
- **Obtains photo identification or has access to photos of children in its care that can assist in locating children missing from care**—According to the CWLA, child welfare agencies should maintain photos of children in their care because they can help to locate and properly identify a child missing from care. The Department contractually requires group homes to take photographs of children in their care, store the photographs in the children’s case files, and help obtain State identification cards for children as appropriate to their age. According to the Department, children are more likely to run away from group homes than other placements, and the photographs would be available to caseworkers if needed to provide to law enforcement or NCMEC. In addition, the Department reported that foster and kinship placements often have photographs of children that could be available to caseworkers if needed. Further, the Department reported that it began a collaboration with the Arizona Department of Transportation (ADOT) in fall 2018 to help specific youth in its care ages 14 to 17 obtain State identification cards (which contain a photo). As part of this process, the Department has paid ADOT for the cost of obtaining the State identification. The Department reported that as of July 31, 2021, it had paid for 852 youth to obtain State identification cards.<sup>17</sup>
- **Requires timely documentation of efforts to locate children missing from care**—According to the CWLA, maintaining accurate and up-to-date case information helps ensure that the child welfare agency is aware of a child’s location, history, and current status. Department policies require caseworkers to document their efforts to locate children missing from care as case notes in the Department’s case management system within 10 days of the efforts occurring.

## Caseworkers did not always comply with Department documentation requirements in cases we reviewed

Our review of 20 cases involving children missing from care in calendar year 2020 found that caseworkers did not always comply with the Department’s documentation requirements, which include documenting notifications and efforts to locate children (within 10 days of the efforts) in case notes.<sup>18</sup> For example:

<sup>16</sup> A.R.S. §13-1310.

<sup>17</sup> Laws 2021, Ch. 329, §2, which is effective September 29, 2021, waives the fee for obtaining a nonoperating identification license for children in Department custody.

<sup>18</sup> We reviewed the case files for a stratified random sample of 20 cases involving children missing from care in calendar year 2020, including 10 cases involving runaway children and 10 cases involving missing/abducted children.

- In all 20 cases we reviewed, caseworkers did not document in case notes that every required stakeholder notification was made, which does not provide assurance that the notifications occurred. For example, in at least 10 cases we reviewed, the caseworker did not document notifying NCMEC.<sup>19</sup> In some of these cases, Department staff reported that NCMEC was notified, or we found the missing child posters on NCMEC's website.<sup>20</sup> However, for 1 case where the caseworker did not document notifying NCMEC, we did not find the missing child poster for the child.

In several cases we reviewed, the Department reported it was not necessary for a caseworker to notify some stakeholders for whom there was not a documented notification because they were already aware of the child's status. For example, Department policies require caseworkers to notify the child's out-of-home caregiver, but in most cases involving runaway children we reviewed, the caregiver had reported the runaway child to the Department. In some other cases where we did not see a notification to the child's parent, Department staff reported the parent had absconded with the child. Additionally, some required notifications were accomplished in other ways. For example, the Department's policies require caseworkers to notify the child's guardian ad litem and/or attorney. In 12 of 13 cases we reviewed where the child had an appointed guardian ad litem and/or attorney, the notification was made by an assistant attorney general through the process of filing a motion for pick up.<sup>21</sup>

The Department's policies do not address when specific stakeholder notifications and documentation of those notifications by caseworkers are not applicable, such as when a stakeholder is already aware of a child's status or the notification is accomplished another way.

- In 12 cases, caseworkers documented efforts to locate children in a case note more than 10 days after the efforts occurred. Specifically, these late case notes were entered between 11 and 111 days after the efforts occurred, although most of the late case notes were entered within 30 days after the efforts occurred. Not entering case notes promptly increases the potential that the case note will not be entered or that specific details of the efforts to locate children will not be included, such as in instances of staff turnover or fading recollection.
- In 2 cases, caseworkers did not document the correct classification status in the Department's case management system. Specifically, in 1 case, a runaway child was incorrectly classified as missing, and in the other case, a missing child was classified for an entire year as both missing and runaway.<sup>22</sup> In both cases, caseworkers reported being aware of the correct classification, and the issues were user/data entry errors. Incorrectly entering the child's classification in the case management system can potentially impact the Department's reporting of the number of runaway and missing children.
- In 1 case, we identified information about efforts to locate a child that were not documented in case notes. Specifically, 6 distinct efforts to locate a child over an 8-month period were identified in a progress report to the court but not included in the case notes as required by the Department's policies.

<sup>19</sup> As stated in the Introduction (see page 2), Laws 2021, Ch. 364, §1, requires law enforcement to notify NCMEC effective September 29, 2021.

<sup>20</sup> We reviewed NCMEC's website to determine whether children from our case review who were still missing from care in February 2021 had missing child posters.

<sup>21</sup> A motion for pick up is a written motion filed in juvenile court requesting an order to law enforcement officers or other authorized officials to take a minor child from a person who has physical possession of the child and deliver the child to the Department's physical custody.

<sup>22</sup> The incorrect classification of a child as both "missing" and "runaway" was from May 2018 to May 2019.

## Department has 2 processes for reviewing cases of children missing from care

The Department has 2 processes for reviewing cases of children missing from care at least monthly that can help ensure notifications and efforts to locate the children are made. Specifically:

- **Supervisory review process**—The Department has a monthly supervisory review requirement where caseworkers meet with their supervisors to discuss their cases, including cases involving children missing from care. In this review, supervisors complete a checklist that includes reviewing if the caseworker documented efforts to locate children missing from care in the case management system. Supervisors should also discuss with caseworkers whether the caseworkers have followed Department policy for locating children on runaway status. The Department tracks whether these monthly supervisory meetings occur and reported that this supervisory review constitutes on-the-job caseworker training.
- **Biweekly review of children missing from care**—In calendar year 2020, the Department implemented a biweekly review process to help ensure that information about children missing from care is accurate and up to date in its case management system. Based on the Department’s guidance and template tool for this review, specialized field staff validate that the child’s missing-from-care status is correct, including that the child is still missing from care and that the accurate classification was entered, which should identify misclassifications. In addition, staff review that required notifications to law enforcement and other stakeholders were made and that efforts to locate children were documented. All 3 specialized field staff we interviewed reported that they also provide training to caseworkers as needed when noncompliance with the policies is identified during their review. The Department reported it suspended the biweekly reviews from February through July 2021 while it developed the new reporting needed to perform the reviews after transitioning to its new case management system, Guardian. The Department resumed this review in August 2021.

The Department reported it does not provide formal training on its policies for locating children missing from care because these children comprise a small percentage of the overall population of children in its care. Additionally, the Department reported that caseworkers can review the policies for locating runaway and missing/abducted children and consult with their supervisors as needed, and caseworkers we interviewed generally reported being aware of the policies’ requirements and seeking guidance from their supervisors as needed.

### Recommendations

The Department should:

1. Revise its policies to provide guidance on when specific stakeholder notifications and documentation of those notifications by caseworkers are not applicable, such as when a stakeholder is already aware of a child’s status or the notification is accomplished another way.
2. To help ensure timely documentation, expand its biweekly review process to include determining whether efforts to locate children missing from care are occurring and documented in case notes.

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



# Department and law enforcement have not formalized expectations for collaboration, and Department lacks some detailed guidance for caseworkers' ongoing efforts to locate children missing from care

**LEGISLATIVE REQUEST:** Compare the Department's practices for classifying and locating runaway or missing children with best practices.

**CONCLUSION:** Although the Department's practices are generally consistent with many CWLA-recommended practices we reviewed as described in Finding 1 (see pages 4 through 7), we identified 2 areas where the Department could take additional action. Specifically, although a recommended practice, the Department and law enforcement have not formalized expectations for their respective roles and responsibilities for locating children missing from care. In addition, the Department's policies lack some detailed guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care.

## Department and law enforcement have not formalized expectations for their respective roles and responsibilities for locating children missing from care

The CWLA's practice guidelines indicate that law enforcement agencies should take the lead on any missing person investigation, which includes runaway and missing children, and that child welfare agencies should collaborate with and assist law enforcement agencies in these efforts. Additionally, Laws 2021, Ch. 364, §1, includes various requirements, effective September 29, 2021, for law enforcement agencies that receive reports of missing, kidnapped, or runaway children. For example, the law requires these law enforcement agencies to institute or assist with appropriate search and investigative procedures; notify NCMEC for missing, kidnapped, or runaway children who are in the foster care system; and maintain a close liaison with State and local child welfare systems (including the Department) and NCMEC for the exchange of information and technical assistance in missing child cases. However, this law does not specify how these requirements are to be implemented.

The Department reported that it works with law enforcement on a case-by-case basis to locate children missing from care and indicated that jurisdictions vary in their willingness and capacity to collaborate with the Department. However, to facilitate collaboration between law enforcement agencies and child welfare agencies, both the CWLA's practice guidelines and companion guidance for law enforcement published by NCMEC recommend developing and implementing formal agreements or mutually agreed-upon protocols that address various elements of coordination, such as each agency's roles and responsibilities and information sharing.<sup>23</sup> Although not specific to locating children missing from care, the Department and law enforcement agencies do have

<sup>23</sup> Child Welfare League of America. (2005). *CWLA best practice guidelines: Children missing from care*. Washington, DC; Smith, T.B., Buniak, K., Condon, L., & Reed, L. (2005). *Children missing from care: The law-enforcement response*. Alexandria, VA: National Center for Missing & Exploited Children. Retrieved 7/6/21 from <https://www.missingkids.org/content/dam/missingkids/pdfs/publications/nc162.pdf>.

joint investigative procedures, developed by the county attorneys as required by A.R.S. §8-817, that guide investigations of alleged criminal conduct against a child.

The Department reported that although formalizing expectations with law enforcement regarding their respective roles and responsibilities for locating children missing from care would be of value, establishing a formal agreement with each law enforcement agency in Arizona would be impractical as there are approximately 150 law enforcement agencies in the State.<sup>24</sup> However, the Department could work with law enforcement to explore options for formalizing expectations, including working with State policymakers to address potential barriers as needed. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with a law enforcement agency, such as an agency where improved coordination would be beneficial. The Department could then assess whether the pilot was helpful for improving coordination and, if so, work with State policymakers to determine a practical approach to formalizing expectations between the Department and law enforcement agencies State-wide.

## Department policies lack some detailed guidance for caseworkers' ongoing efforts to locate children missing from care

According to CWLA staff, child welfare agencies should develop and implement policies for locating children that provide guidance on agencies' expectations for locating children missing from care. Although the Department's policies for locating runaway and missing/abducted children outline the general procedures that caseworkers should follow when children go missing from care, they lack some detailed guidance regarding Department expectations and requirements for ongoing efforts to locate children. Department leadership reported that its policies for locating children missing from care are intentionally high-level because it is not possible for the policies to address all potential situations involving these children. However, based on interviews with Department staff and our review of 20 cases, additional guidance would help ensure caseworkers understand and meet Department expectations regarding the types and frequency of ongoing efforts to locate children missing from care. Specifically, the Department's policies can better address:

- **Expected types of ongoing efforts to locate children missing from care**—The Department's policy for locating runaway children requires caseworkers to contact placements, previous schools, and persons who may have information about a child and states that caseworkers may, with supervisor approval, refer a child's case to OCWI staff for assistance when certain circumstances exist, such as the child is pregnant or suicidal. The policy for locating missing/abducted children requires caseworkers to contact persons who may have information about a child and to provide any information gathered to law enforcement.

However, the policies do not address other types of ongoing efforts caseworkers reported using or we identified in our case review that could assist in locating missing children, such as visiting possible locations where a child may be, requesting that law enforcement conduct welfare checks at a child's possible location, searching social media, and requesting assistance from specialized field staff who have access to various databases that can help in the search for information leads.

- **Expected frequency of ongoing efforts to locate children missing from care**—Although the Department's policy for locating runaway children includes a requirement to recontact individuals after 90 days, the policy is not clear if this is the only ongoing effort that is required and if these contacts are to occur every 90 days or only once after 90 days. Additionally, Department leadership reported it is their expectation that caseworkers make continuous efforts to locate missing/abducted children; however, the policy for

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<sup>24</sup> As discussed on page 10, we also reviewed 8 other jurisdictions' policies and guidance documents for locating children missing from care and identified 1 jurisdiction that had established a formal agreement with law enforcement related to children missing from care. Specifically, in Florida, a memorandum of understanding (MOU) exists between the Florida Department of Children and Families, the Florida Department of Law Enforcement (FDLE), and NCMEC that addresses responsibilities for notifying and keeping NCMEC informed of children missing from care. FLDE serves as a liaison among citizens, private organizations, and law enforcement officials regarding missing children information in Florida and reported that it does not oversee local law enforcement agencies. Although, effective September 29, 2021, Arizona law enforcement agencies are required to notify NCMEC of children in the foster care system who are missing from care, this MOU serves as an illustration of formalized collaboration between another jurisdiction and law enforcement.

locating missing/abducted children does not address making continuous efforts or how frequently efforts should occur.

Although we noted ongoing efforts to locate children in many cases we reviewed—such as continued contact with family, significant persons, and law enforcement—we also noted instances when efforts to locate missing children were not documented in case notes for a period of several months. Specifically, in 5 cases, no ongoing efforts to locate the children were documented in case notes for periods of approximately 2 to 7 months. Further, caseworkers we interviewed reported varying practices regarding the frequency of their ongoing efforts to locate children missing from care. For example, some caseworkers reported conducting ongoing efforts weekly, biweekly, or monthly; however, 1 caseworker reported conducting efforts as time permitted. Caseworkers similarly reported varying practices regarding how frequently they communicated with law enforcement. For example, 2 caseworkers reported conducting a monthly check-in with law enforcement, while 1 caseworker reported having no interaction with law enforcement.

We reviewed policies and guidance documents for locating children missing from care for 8 jurisdictions and noted that, although the level of detail varied, these jurisdictions provided more guidance in at least some areas.<sup>25</sup> For example, 5 jurisdictions provide guidance for continued collaboration with law enforcement, all 8 jurisdictions provide guidance on using social media to locate children missing from care, and 7 jurisdictions provide clearer expectations for the frequency of ongoing efforts to locate children missing from care. The textbox provides examples of this guidance for some jurisdictions.

### Examples of jurisdictions' guidance for locating children missing from care

**Los Angeles County**—Los Angeles County requires at least monthly efforts to locate children missing from care. These efforts are required to include, but are not limited to, making inquiries to parties (e.g., law enforcement, parents, friends, schools, and former social workers); physically checking all places where the child is likely to be; searching social media accounts of the child, known acquaintances, friend lists, and comment sections; and searching relevant databases.

**Minnesota**—Minnesota requires monthly efforts to locate children missing from care. These efforts are required to include checking social media sites and contacting and requesting information from knowledgeable parties (e.g., law enforcement, relatives, friends, and teachers). Caseworkers are required to meet weekly with supervisors regarding efforts to locate children missing from care.

**Vermont**—Vermont requires weekly efforts to locate children missing from care. These efforts are required to include weekly contact with law enforcement and may include, but are not limited to, contacting the child's friends, family, school, and other knowledgeable individuals, and using social media to determine a possible location based on posted updates. Caseworkers and supervisors are required to review efforts to locate children missing from care within the first week and every 2 weeks thereafter.

Source: Auditor General staff review of other jurisdictions' applicable policies and guidance documents.

## Recommendations

The Department should:

3. Work with law enforcement to formalize expectations regarding their respective roles and responsibilities for locating children missing from Department care, and work with State policymakers to address potential barriers as needed. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with 1 or more of the approximately 150 law enforcement agencies in Arizona, such as an agency where improved coordination would be beneficial; assess whether the pilot was helpful for improving coordination; and if so, work with State policymakers to determine a practical approach

<sup>25</sup> The 8 jurisdictions included Connecticut, Florida, Los Angeles County, Minnesota, Tennessee, Texas, Vermont, and Washington. We judgmentally selected these jurisdictions based on availability of information or suggestion from a best practice organization.



to formalizing expectations between the Department and law enforcement agencies State-wide. The Department and law enforcement could explore other options for formalizing expectations as well.

4. Update its policies and/or develop supplemental guidance documents to provide additional guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care and their collaboration with law enforcement, and ensure caseworkers who manage cases involving children missing from care are informed of and trained on this additional guidance.

**Department response:** As outlined in its [response](#), the Department agrees with the finding and will implement or implement in a different manner the recommendations.



# SUMMARY OF RECOMMENDATIONS

## Auditor General makes 4 recommendations to the Department

The Department should:

1. Revise its policies to provide guidance on when specific stakeholder notifications and documentation of those notifications by caseworkers are not applicable, such as when a stakeholder is already aware of a child's status or the notification is accomplished another way (see Finding 1, pages 4 through 7, for more information).
2. To help ensure timely documentation, expand its biweekly review process to include determining whether efforts to locate children missing from care are occurring and documented in case notes (see Finding 1, pages 4 through 7, for more information).
3. Work with law enforcement to formalize expectations regarding their respective roles and responsibilities for locating children missing from Department care, and work with State policymakers to address potential barriers as needed. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with 1 or more of the approximately 150 law enforcement agencies in Arizona, such as an agency where improved coordination would be beneficial; assess whether the pilot was helpful for improving coordination; and if so, work with State policymakers to determine a practical approach to formalizing expectations between the Department and law enforcement agencies State-wide. The Department and law enforcement could explore other options for formalizing expectations as well (see Finding 2, pages 8 through 11, for more information).
4. Update its policies and/or develop supplemental guidance documents to provide additional guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care and their collaboration with law enforcement, and ensure caseworkers who manage cases involving children missing from care are informed of and trained on this additional guidance (see Finding 2, pages 8 through 11, for more information).





## Scope and methodology

The Arizona Auditor General has issued this special report of the Department's practices for classifying and locating runaway or missing children and comparing these practices to best practices pursuant to Laws 2020, Ch. 53, §3.

We used various methods to meet the report's objectives. Specifically, to review the Department's practices for classifying and locating runaway or missing children, we:

- Reviewed the Department's policies for locating runaway and missing/abducted children.
- Interviewed Department management and staff, including 9 caseworkers, 4 supervisors, and 6 other specialized staff.
- Reviewed a stratified random sample of 20 cases involving 21 children missing from care in calendar year 2020, including 10 cases involving runaway children and 10 cases involving missing/abducted children.<sup>26</sup>
- Reviewed NCMEC's website in February 2021 to look for missing child posters for the 10 children from our case review who were still missing from care at that time.

To review best practices and other jurisdictions' practices, we:

- Reviewed practice guidelines concerning children missing from care published by the Child Welfare League of America (CWLA) and compared the Department's practices against the CWLA's recommended practices.<sup>27,28</sup> We also interviewed a representative from the CWLA. Additionally, we reviewed a companion piece to CWLA's practice guidelines published by NCMEC concerning law enforcement's response to children missing from care.<sup>29</sup>
- Corresponded with representatives from other best practice organizations, including Chapin Hall, NCMEC, and Casey Family Programs.
- Reviewed Arizona statutes and rules and federal codes.
- Reviewed policies and guidance documents for locating children missing from care for 8 other jurisdictions, including Connecticut, Florida, Los Angeles County, Minnesota, Tennessee, Texas, Washington, and Vermont.

<sup>26</sup> We selected 20 cases to review by selecting children who were on missing or runaway status in calendar year 2020. Specifically, we randomly selected 5 of 664 children who were on runaway status and 5 of 120 children who were on missing status during calendar year 2020 but were no longer on runaway or missing status as of January 14, 2021, and 5 of 252 children who were on runaway status and 6 of 31 children who were on missing status during calendar year 2020 and remained on runaway or missing status as of January 14, 2021 (2 of these 6 children were siblings in the same case, so we selected a sixth child in order to review 5 cases).

<sup>27</sup> Child Welfare League of America. (2005). *CWLA best practice guidelines: Children missing from care*. Washington, DC.

<sup>28</sup> We selected the CWLA guidelines for comparison to Department practices based on suggestions from 2 best practice organizations: Chapin Hall at the University of Chicago and NCMEC.

<sup>29</sup> Smith, T.B., Buniak, K., Condon, L., & Reed, L. (2005). *Children missing from care: The law-enforcement response*. Alexandria, VA: National Center for Missing & Exploited Children. Retrieved 7/6/21 from <https://www.missingkids.org/content/dam/missingkids/pdfs/publications/nc162.pdf>.

We judgmentally selected these jurisdictions based on availability of information or suggestion from a best practice organization.

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 express our appreciation to the Department's Director and staff for their cooperation and assistance throughout the review.

# DEPARTMENT RESPONSE



**ARIZONA**  
DEPARTMENT  
*of* CHILD SAFETY

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Mike Faust, Director  
Douglas A. Ducey, Governor

September 22, 2021

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

Re: Auditor General Report – *Comparing Department Practices for Classifying and Locating Runaway or Missing Children from Care to Best Practices*

Dear Ms. Perry:

The Arizona Department of Child Safety (Department) appreciates the opportunity to provide this response to the Arizona Office of the Auditor General's (OAG) findings and recommendations in the report of the Department's practices for classifying and locating runaway or missing children. The Department acknowledges the importance of aligning practices with the Child Welfare League of America (CWLA) and values the importance of collaborating with law enforcement with children missing from care.

The report has been reviewed and the Department's response to each recommendation is enclosed. The Department appreciates the collaborative effort throughout this process.

Sincerely,

Mike Faust  
Director

Enclosure: DCS Recommendation Response

**Finding 1:** Department practices for classifying and locating children missing from care are generally consistent with CWLA-recommended practices, but caseworkers did not always comply with documentation requirements

**Recommendation 1:** The Department should revise its policies to provide guidance on when specific stakeholder notification and documentation of those notifications by caseworkers are not applicable, such as when a stakeholder is already aware of a child's status or the notification is accomplished another way.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department acknowledges the policies for missing and runaway children would benefit from clarification. The Department agrees to revise its policies to provide more guidance on the specific applicable documentation requirements when a stakeholder notification is accomplished in an alternate way; most notably when a required stakeholder to be notified is in fact the individual notifying the Department.

**Recommendation 2:** To help ensure timely documentation, the Department should expand its biweekly review process to include determining whether efforts to locate children missing from care are occurring and documented in case notes.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Although documentation is secondary to action, the Department understands the importance of documenting efforts to locate children. In addition to the supervisory responsibility to ensure timely documentation, the Department will expand its biweekly process to include the review of documented efforts to locate children missing from care.

**Finding 2:** Department and law enforcement have not formalized expectations for collaboration, and Department lacks some detailed guidance for caseworkers' ongoing efforts to locate children missing from care

**Recommendation 3:** The Department should work with law enforcement to formalize expectations regarding their respective roles and responsibilities for locating children missing from Department care, and work with State policymakers to address potential barriers as needed. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with 1 or more of the approximately 150 law enforcement agencies in Arizona, such as an agency where improved coordination would be beneficial; assess whether the pilot was helpful for improving coordination; and, if so, work with State policymakers to determine a practical approach to formalizing expectations between the Department and law enforcement agencies State-wide. The Department and law enforcement could explore other options for formalizing expectations as well.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Department values the collaboration with law enforcement agencies, currently has joint investigation protocols agreements in place and acknowledges the benefit of further partnership in locating children missing from care. The Department works diligently with

law enforcement agencies on a regular basis to ensure coordination. The Department may explore options, including working with State policymakers as required, to formalize expectations, and may explore coordination with the Arizona Department of Public Safety regarding the functions or role they have with missing children.

**Recommendation 4:** The Department should update its policies and/or develop supplemental guidance documents to provide additional guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care and their collaboration with law enforcement, and ensure caseworkers who manage cases involving children missing from care are informed of and trained on this additional guidance.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The types and frequency of efforts to locate children missing from care and collaboration with law enforcement are essential components. The Department will update its policies to provide additional guidance on the expectations to locate missing children.



The September 2021 Arizona Department of Child Safety Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices special report found that the Department’s practices for classifying and locating children missing from care are generally consistent with recommended practices, but caseworkers did not always comply with documentation requirements, the Department and law enforcement have not formalized expectations for collaboration, and the Department lacks some detailed guidance for caseworkers’ ongoing efforts to locate children missing from care. We made 4 recommendations to the Department, and its status in implementing the recommendations is as follows:

**Status of 4 recommendations**

Implemented	2
<b>Not implemented</b>	<b>2</b>

The Department has implemented 2 of the recommendations directed to it but has not implemented the remaining 2 recommendations. Because the Department has not made further progress toward implementing these 2 recommendations since the initial followup and reported that it will take no further action to implement these recommendations, we do not see further benefit in continuing to follow up with the Department. Therefore, unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Department’s efforts to implement the recommendations from the September 2021 report.

**Update: Number of children missing from care has decreased since 2020**

The number of children missing from the Department’s care has decreased since calendar year 2020. Specifically, as reported in our September 2021 special report, in calendar year 2020, the number of children the Department reported were on runaway or missing status as of the end of each month ranged from 216 to 245 runaway children and from 34 to 51 missing children.<sup>1</sup> During calendar year 2020, the total number of runaway and missing children combined comprised approximately 2 percent of the children in Department care. Conversely, as shown in Figure 1 (see page 2), the number of children the Department reported were on runaway or missing status as of the end of each month between April 2022 and March 2023 ranged from 126 to 163 runaway children and 29 to 38 missing children, respectively. During this 12-month time frame, the total number of runaway and missing children comprised approximately 1.5 percent of the children in Department care.

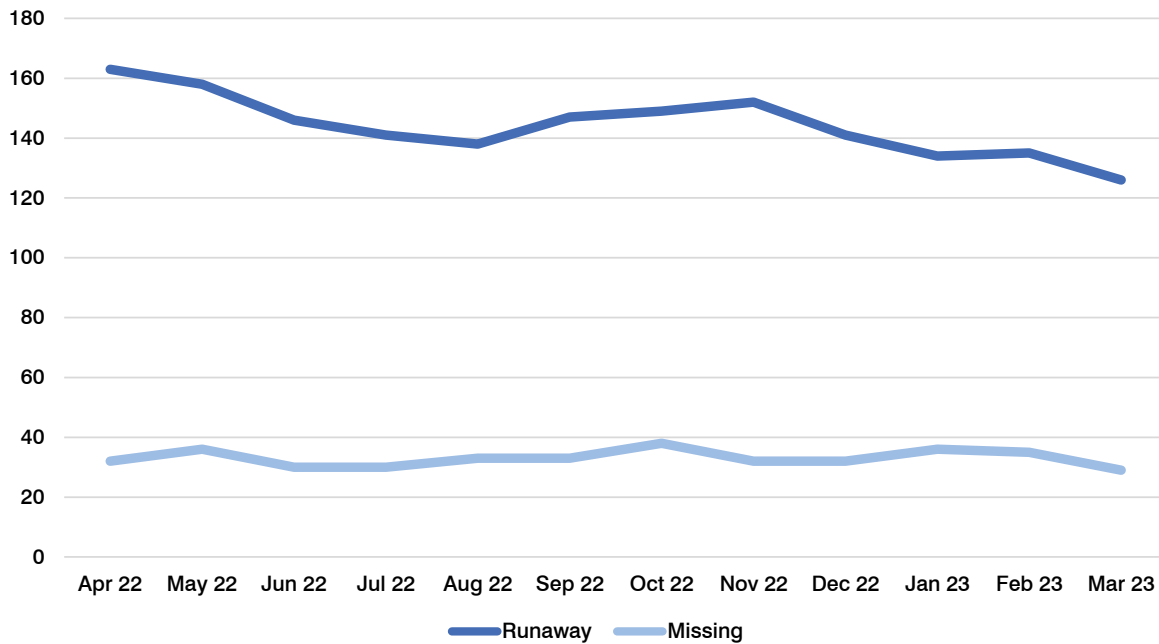
<sup>1</sup> The Department uses 2 placement types to reflect the status of children missing from care in its Monthly Operational and Outcome Report: “runaway” for runaway children and “missing” for missing/abducted children.



## Figure 1

### Number of children Department reported on runaway or missing status at the end of each month April 2022 through March 2023<sup>1</sup>

(Unaudited)



<sup>1</sup> These numbers represent all children on runaway or missing status as of the end of each calendar month, including new runaway or missing children and children who remain missing from care from a previous month(s).

Source: Auditor General staff review of information from the Department's *Monthly Operational and Outcome Report* for April 2022 through March 2023.

## Finding 1: Department practices for classifying and locating children missing from care are generally consistent with CWLA-recommended practices, but caseworkers did not always comply with documentation requirements

1. The Department should revise its policies to provide guidance on when specific stakeholder notifications and documentation of those notifications by caseworkers are not applicable, such as when a stakeholder is already aware of a child's status or the notification is accomplished another way.

### Implemented at 6 months

2. To help ensure timely documentation, the Department should expand its biweekly review process to include determining whether efforts to locate children missing from care are occurring and documented in case notes.

**Not implemented**—As reported in our initial followup, the Department revised its biweekly review procedures to include determining whether efforts to locate children missing from care are occurring and documented in case notes. However, similar to what we found during our initial followup, our review of the Department's biweekly review reports from April 2022 through February 2023 found that Department staff are not consistently implementing the biweekly review procedures. For example, the Department's biweekly review process procedures require its staff to indicate in biweekly review reports an anticipated date for making efforts to locate missing children that have not yet occurred, but Department staff did not always include these dates in the reports when applicable. This inconsistent implementation of the procedures had potentially occurred because the biweekly review report's instructions do not require staff to include an anticipated date for making efforts to locate missing children, contrary to the Department's written procedures. Despite this gap between the written procedures and the

biweekly review report's instructions, the Department reported it does not plan to further revise the instructions or take other actions to ensure all its staff record anticipated dates for making efforts to locate missing children as required by its biweekly review procedures. As a result, the Department cannot ensure all its staff have made required efforts to help locate missing children.

## **Finding 2: Department and law enforcement have not formalized expectations for collaboration, and Department lacks some detailed guidance for caseworkers' ongoing efforts to locate children missing from care**

3. The Department should work with law enforcement to formalize expectations regarding their respective roles and responsibilities for locating children missing from Department care, and work with State policymakers to address potential barriers as needed. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with 1 or more of the approximately 150 law enforcement agencies in Arizona, such as an agency where improved coordination would be beneficial; assess whether the pilot was helpful for improving coordination; and if so, work with State policymakers to determine a practical approach to formalizing expectations between the Department and law enforcement agencies State-wide. The Department and law enforcement could explore other options for formalizing expectations as well.

**Not implemented**—As reported in our initial followup, according to the Department, it verbally engaged with 2 law enforcement agencies and found that these agencies support the Department's work to locate children missing from its care. As a result, the Department concluded that developing a formal agreement with these agencies related to roles and responsibilities for locating children missing from Department care was not necessary. However, the Department declined to provide further details about the nature, length, and number of verbal engagements it had with the 2 law enforcement agencies, citing concerns about damaging the positive working relationship it had with those agencies. The Department also reiterated its concern expressed during our audit that it would be impractical to establish a formal agreement with each of the approximately 150 law enforcement agencies in the State. However, as indicated in our September 2021 special report, although the Department and law enforcement agencies do have joint investigative procedures, these are not specific to locating children missing from care, and recommended practices include developing and implementing formal agreements or mutually agreed-upon protocols to address various elements of coordination between law enforcement and child welfare agencies. Further, as stated in our recommendation, the Department could explore multiple options for formalizing expectations with law enforcement agencies, such as first piloting a formal agreement or other mutually agreed upon protocols with 1 or more law enforcement agencies in Arizona. The Department has not pursued other options for formalizing expectations with law enforcement agencies, including working with State policymakers as needed. Although the Department agreed with our September 2021 finding and agreed to implement this recommendation in a different manner by working with State policymakers as required to formalize expectations, and indicated it may explore coordination with the Arizona Department of Public Safety regarding the functions or role they have with missing children, it reported that it will take no further action to implement this recommendation.

4. Update its policies and/or develop supplemental guidance documents to provide additional guidance on its expectations for the types and frequency of caseworkers' ongoing efforts to locate children missing from care and their collaboration with law enforcement, and ensure caseworkers who manage cases involving children missing from care are informed of and trained on this additional guidance.

**Implemented at 6 months**



**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**DATE:** June 19, 2023

**TO:** Senator Sonny Borrelli, Chair  
Representative Matt Gress, Vice Chair  
Members, JLAC

**FROM:** Lindsey Perry, Auditor General

**SUBJECT:** Proposed 2024 special audit of the Arizona Department of Child Safety—Arizona Young Adult Program

## **Background**

A.R.S. §8-465 requires the Office to establish an audit team to provide ongoing performance reviews and analyses of the Department of Child Safety (Department). Our audit team has conducted audits of numerous Department processes, programs, services, and its compliance with statutes, policies, procedures, and requirements, including the Department's staff recruitment and retention, administrative staffing, the Arizona Families FIRST substance abuse program, permanency practices, the child safety and risk assessment process, Arizona's child abuse and neglect report and substantiation rates compared to national averages, emergency and residential placements, transportation services, the Central Registry, the In-Home Services Program, and the Adoption Program.

Our audit team is in the final months of completing the Department's sunset review, which is statutorily due by October 1, 2023. At that time, it will be ready to start a new audit of the Department. During the past few years, we have received questions from legislators and other stakeholders about the Arizona Young Adult Program (Program), and we are presenting it to JLAC for consideration for the team's next audit assignment.

Youth who age out of foster care can experience worse outcomes regarding education, employment, homelessness, incarceration, and mental illness. The Department reported that providing effective services for young adults improves placement stability, reduces foster care re-entry, increases the percentage of youth placed with siblings and relatives, reduces the number of youths in out-of-home care, and increases the number and percentage of youth who exit to permanency. The Program provides services to assist teens and young adults in the Department's care to develop the skills and competencies necessary to successfully transition to adulthood. These services include, but are not limited to, providing support for foster youth to obtain high school diplomas/GEDs or enroll in college or vocational programs; various other services designed to help youth transition successfully to adulthood, such as obtaining vital records and healthcare coverage; and enrolling in extended foster care up to age 21.

Laws 2023, Chapter 141, expands the extended foster care component of the Program, including requiring the Department to contract for extended foster care success coaches to help participants meet various goals, such as obtaining employment and addressing physical and behavioral health needs; establish a quality review committee to assess extended foster care participants' progress; and implement various provisions outlined in the law within specified time frames.

We have not previously audited the Program. An audit of the Program could answer questions such as the following:

- What services does the Program offer to youth in Department care? Are these services consistent with best or recommended practices? As identified by best or recommended practices, are there additional or alternative services that the Department should provide to youth through the Program?
- What are the eligibility criteria for participation in the Program? How does the Department ensure these criteria are met? Are these criteria consistent with best or recommended practices?
- How does the Department measure Program outcomes? Do the Department's outcomes compare to nationally recognized standards/outcomes or best or recommended practices or outcomes? As identified or recommended by best or recommended practices, are there additional or alternative outcomes that the Department should measure?
- How does the Department identify and encourage youth to participate in the Program?
- What is the Department's status in implementing the requirements to expand the extended foster care component of the Program, such as, contracting for extended foster care success coaches, establishing a quality review committee, and meeting required implementation time frames?

### **Action required**

Consideration of and vote to approve a special audit of the Arizona Department of Child Safety—Arizona Young Adult Program to be completed on or before September 30, 2024.

