

The April 2021 Bowie Unified School District performance audit found that the District's high teacher turnover and noncompliance with the State's online instruction program requirements may have negatively impacted student achievement. In addition, the District spent more on administration, plant operations, and food service than peer districts and did not generate revenues to cover community program costs, likely diverting monies from instruction. We made 30 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 30 recommendations

Implemented	19
Not implemented	11

Additionally, in September 2023, we sent a letter to the District's Governing Board (Board) notifying them that Bowie Unified School District had not corrected its deficiencies with the *Uniform System of Financial Records for Arizona School Districts* (USFR).^{1,2} The determination was based on our review of the District's fiscal year 2022 financial audit reports and Compliance Questionnaire, and the 24-month performance audit follow-up report issued in February 2023. Subsequently, our Office reviewed the District's fiscal year 2024 records and procedures as of January 2024 as well as the District's fiscal year 2023 audit reports and Compliance Questionnaire, received in July 2024, and determined the District is no longer in noncompliance with the USFR. We reviewed and incorporated these corrections into this 36-month follow-up report, where applicable.

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

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

Implemented at 36 months—To improve its educational program and student achievement since the audit, the District has purchased various new curricula and educational programs. For example, in fiscal year 2023, the District purchased new English Language Arts and mathematics curricula; a student support program intended to promote academic achievement; and online access to curricula across grades and subjects based on Arizona's academic standards. The Arizona Department of Education (ADE) assigns schools a letter grade based on year-to-year student academic growth, proficiency on academic assessments, and students' readiness for higher

¹ See Arizona Auditor General. (2023, September 19). *Bowie Unified School District—Still in noncompliance with the Uniform System of Financial Records for Arizona school districts*

² The Arizona Auditor General and the Arizona Department of Education developed the USFR pursuant to Arizona Revised Statutes §15-271. The USFR requirements are based on the Arizona Constitution, Arizona Revised Statutes, Arizona Attorney General Opinions, and the Codification of Governmental Accounting and Financial Reporting Standards in federal law. The USFR and related guidance prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements.

education. ADE's analysis of the District in fiscal year 2023 determined that the District's performance on these metrics qualified it for a C letter grade, which is an improvement from fiscal year 2022, when it had an F letter grade.³

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

Implemented at 24 months—The District updated its previously developed and implemented teacher exit and satisfaction surveys to include questions that are designed to provide feedback to District officials about steps it could take to address the reasons teachers leave the District and improve teacher retention. District officials reported that they use the survey results to identify and provide additional professional development and support that staff indicated are necessary. Further, all the District's fiscal year 2023 teachers signed contracts to return to the District for fiscal year 2024.

3. The District should continue to work with the State Board of Education (SBE) to ensure its online instruction program meets State accountability requirements.

Implemented at 36 months—As of September 2024, the District is included in SBE's list of approved Arizona Online Instruction (AOI) programs.

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

4. The District should reduce its administrative spending by:

- a. Assessing its administrative staffing levels and determining how to reduce to levels similar to its peer districts' averages.

Implemented at 24 months—The District reduced its administrative staffing level to approximately 3 FTE positions in fiscal year 2023 from 3.5 FTE positions in fiscal year 2021 by combining the principal and superintendent positions into a single position. Our review of the District's staffing levels showed that this is similar to its peer districts' average administrative staffing level. Additionally, the District's administrative spending per student decreased 23 percent between fiscal year 2018, the audit year, and fiscal year 2022.

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

Not implemented—Although the District's spending on administrative salaries and benefits has declined by 23 percent since the audit year, District staff reported that they have not consulted with peer districts or performed any other analysis of administrative salary and benefits levels. By not evaluating its administrative salary levels to reduce its administrative spending, the District may be spending monies that it could use for other District priorities, such as instruction or teacher salary increases. We will assess the District's efforts to implement this recommendation at the 48-month followup.

³ ADE has not assigned Bowie High School a letter grade because the school does not have a large enough student population to receive an annual letter grade using SBE's guidelines for assigning letter grades. For this reason, we based our assessment on the letter grades assigned to Bowie Elementary School.

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

5. The District should eliminate inefficient plant operations spending by:
 - a. Assessing its plant operations staffing levels and reducing to levels similar to its peer districts' averages.

Implemented at 36 months—We reviewed the District's staffing data and found that the District had reduced its FTE from 3.3 FTE at the time of the audit to 1.9 FTE in fiscal year 2024, which is comparable to peer district levels based on fiscal year 2023 data—the most recent comparative information available. Additionally, the District decreased its annual spending on plant operations salaries by more than \$33,000 since the audit.
 - b. Assessing its excess capacity and reducing it by closing space.

Not implemented—Similar to during the audit, the District continues to maintain excess building capacity and, as of June 2024, District officials indicated that the Board does not intend to close any of its schools and would continue to operate all of its facility space. The District operates 2 schools—1 school serving grades kindergarten through 8, and a high school serving grades 9 through 12. Since the audit, the District's enrollment has remained relatively stable, and in fiscal year 2024, it served 57 students—3 fewer than during the audit. In fiscal year 2024, the District used 18 percent of its overall capacity, which is the same that it used during the audit. The District was unable to provide any documentation showing that it had formally evaluated options for reducing excess capacity, such as closing off unused space or consolidating campuses. Although District officials indicated that the high school building's configuration is such that portions of the building cannot be readily closed off to reduce utilities costs, the District has not evaluated other potential cost savings at the high school or potential capacity reductions or savings at its K-8 campus.
6. The District should determine whether it really needs the space where repairs are needed before accepting and spending Building Renewal Grant (BRG) monies to fix deficiencies.

Not implemented—Although the possibility of closing 1 of the District's schools was mentioned as part of a broader discussion about the District's budget in a May 2021 Board meeting, the Board did not pursue the issue in subsequent meetings or make any formal decision about what facilities should be maintained. Instead, the Board voted in its August 2021 meeting to use BRG monies to repair the roof at its high school. Since July 2022, the District has received over \$140,000 in BRG monies, including nearly \$100,000 in fiscal year 2024, that it has used primarily to repair and rehabilitate its high school. In fiscal year 2024, the high school operated at 7 percent capacity and served 18 students.

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

7. The District should charge students correct meal prices based on their National School Lunch Program (NSLP) reimbursement category and accurately report to ADE the number of meals by price category that it serves.

Implemented at 24 months—We reviewed 5 randomly selected students who purchased lunches in fiscal year 2023 and found that the District appropriately charged all 5 students for meals using the same NSLP reimbursement category as indicated on free and reduced-price meal applications. Further, we reviewed the District's March 2023 meal records and determined the District had reported to ADE the correct number of meals by reimbursement category based on what the District recorded in its meal tracking system.
8. The District should have classroom teachers take morning counts of students intending to purchase lunch in the cafeteria each day and report these counts to cafeteria staff, so they know how many meals to prepare or implement some other process that minimizes the number of wasted meals.

Implemented at 24 months—In fiscal year 2022, the District began collecting daily morning counts of students intending to purchase lunch in the cafeteria. We reviewed a sample of 4 days of morning counts collected from students and compared them to the District’s lunch-production records and found that the District produced a similar number of lunches to what students requested during the morning counts. As a result, the District decreased its waste to less than 1 percent of prepared meals for the 4 days we reviewed.

9. The District should maximize its use of available United States Department of Agriculture (USDA) food allotments, determine whether it should increase available freezer space to accommodate additional USDA food, and obtain additional freezer space, as appropriate.

Not implemented—As we reported in our 24-month followup, the District reactivated its account for requesting USDA commodities in anticipation of ordering food items for fiscal year 2024. However, District staff reported that although the District had submitted the required documentation to reactivate the account, the vendor did not complete the activation process, and the District was unable to order commodities in fiscal year 2024. District officials informed us that they have worked with the vendor to resubmit the necessary documentation, and the District is now eligible to request commodities. We will assess the District’s efforts to implement this recommendation at the 48-month followup.

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

Implemented at 18 months—In January 2023, the District implemented a policy to no longer serve second meals to students and notified all District staff of this change. Additionally, as discussed in recommendation 8, as part of the 24-month followup, we reviewed a sample of food service records and did not identify any instances where the District served a second meal.

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

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

Implemented at 6 months—The District stopped operating its community preschool programs in March 2020 because of no enrollment, and at its April 2021 meeting, the District’s Board formally voted to end its community preschool program.

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

Implemented at 6 months—At its April 2021 meeting, the District’s Board formally voted to stop operating its community pool because it was not safe to operate, did not comply with the Americans with Disabilities Act, and was operating at a loss.

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

Implemented at 6 months—The District has entered a new student athletics IGA with a neighboring district. As part of the IGA, the District pays for its students to participate in the neighboring district’s student athletics program on a per student, per semester basis. Additionally, this IGA does not include any provisions for the District to receive payments or equipment upon termination of the agreement.

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

Implemented at 18 months—At its July 2022 public meeting, the District’s Board voted to donate the sports equipment associated with its previous IGA to the other district with which it had the IGA. The District determined that it had the authority under State law to donate this equipment to the other district and determined that the anticipated cost of selling the equipment equaled or exceeded the estimated market value of the equipment.⁴

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

Not implemented—In fiscal year 2024, the District continued its IGA with another school district for on-site psychological, speech and language, counseling, physical therapy, and special education services for its students. However, the District does not receive detailed invoices for these services and has not requested nor required invoices from the other district that detail the services provided. District officials stated that they do not need detailed invoices based on the contract, which they explained is a flat fee for the services. However, we reviewed available IGA documentation and found that the agreement includes language that requires the district providing services to either charge additional fees or refund Bowie USD’s quarterly deposits for services depending on the actual services provided to the District. Without detailed invoices for services, Bowie USD is unable to determine whether the approximately \$84,000 it paid to the other district in fiscal year 2024 was the correct amount for the services provided or whether any refunds or additional charges were necessary and appropriate. We will assess the District’s efforts to implement this recommendation at the 48-month followup.

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

Not implemented—Although the District tracks the times when service providers are on site, it does not regularly review that information to ensure the District receives services as specified in its IGA. As noted above in recommendation 15, the District did not obtain detailed invoices and monitor the amount of services received because District officials incorrectly thought that the District owed a flat fee under the IGA regardless of the amount of services provided. We will assess the District’s efforts to implement this recommendation at the 48-month followup.

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

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

Not implemented—Although the District previously reported it had updated its payroll process to separate responsibilities among more than 1 employee, our review of a sample of payments to 5 District employees for pay periods in October 2023 through December 2023 found that 1 of the 5 payments did not have a documented supervisory review, indicating that the District’s procedures for ensuring that more than 1 employee is involved in the payroll process are not being consistently followed. We will assess the District’s efforts to implement this recommendation at the 48-month followup.

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

⁴ A.R.S. §15-342(18).

Implemented at 36 months—We reviewed the District’s credit card statements and supporting documentation from October 2023 to December 2023 and found that the District reconciled all credit card statements with the supporting documentation, and a second employee who is not involved in the credit card purchasing process reviewed and verified reconciliations. By updating its process to include this secondary independent review, the District reduces the ability for a single employee to make purchases and issue payments to the credit card companies without independent review and approval.

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

Implemented at 18 months—The District reported that it now pays off all credit card balances each billing cycle and does not carry balances that incur fees or finance charges. Our review of 3 statements from July through September 2022 found that the District made timely payments and did not incur late fees or finance charges.

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

Not implemented—Although the District previously reported it had updated its purchasing process and provided one-on-one trainings to staff as they become involved in the purchasing process, our review of a sample of 5 purchases made from September 2023 to December 2023 found that 3 of these purchases were lacking at least 1 element of documentation required by the District’s purchasing procedures, such as a receiving report or invoice. This may indicate that staff are not receiving adequate training to complete the purchasing process in accordance with District requirements, and/or trained staff are not following the District’s purchasing process and may need additional training. We will assess the District’s efforts to implement this recommendation at the 48-month followup.

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

Implemented at 18 months—Although the District entered into a new IGA with a neighboring school district for student athletics and no longer sells athletic event tickets (see recommendation 13), the District’s Future Farmers of America (FFA) club continues to host events for which it sells tickets. Our review of 2 FFA events in November and December 2022 found that the District’s FFA club recorded the number of tickets sold and cash collected and that another employee independently reviewed this documentation to verify that all cash collected and deposited matched the number of tickets sold.

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

Implemented at 24 months—According to District officials, when District administration approves school clubs to host events or sell items, it now reminds club sponsors that any monies collected must be turned in the next business day. Our review of 3 events held between February and April 2023 found that for all 3 events, the club deposited the cash with the District’s business office within 1 business day after collection.

23. Classify all transactions in accordance with the Uniform Chart of Accounts for school districts to ensure it accurately reports its spending.

Implemented at 24 months—We reviewed the District’s fiscal year 2023 expenditures and found that it had largely corrected the coding errors we identified during the audit and in subsequent followups.

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

Not implemented—Our review of the District’s fiscal year 2024 school bus logs found that previously identified errors in tracking miles and riders, such as missing rider numbers or inaccurate odometer readings, had been substantially reduced. However, our review of the District’s fiscal year 2024 transportation report to ADE found that the District continued to inaccurately report miles and riders. Specifically, the District reported less than 1 percent

of its miles for fiscal year 2024 and 13 more riders than the maximum number of riders recorded in its school bus logs. According to District officials, the errors occurred because the employee who filed this report for fiscal year 2024 had never completed a transportation report before and was unfamiliar with the process. As of July 2024, the District had submitted a correction for the number of miles reported to ADE, and District staff reported they will consider making another correction to the number of riders. We will assess the District's efforts to implement this recommendation at the 48-month followup.

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

Not implemented—Our review of a January 2024 accounting system report found that 4 users—the same number of users identified in our previous 24-month followup—have more access than needed to perform their job duties. Although the District has made some changes to these users' access, the changes have not reduced the access enough to prevent initiation and completion of full purchasing and payroll processes without independent review and approval. As a result, the District continues to increase its risk for errors and fraud. We will assess the District's efforts to implement this recommendation at the 48-month followup.

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

Implemented at 6 months

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

Implemented at 6 months

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

Not implemented—District officials had previously reported the District established a checklist of items to be completed for terminated employees, including removing their access to the accounting and student information systems. However, we found that staff did not consistently ensure that all termination checklist steps were done prior to marking them complete. Specifically, we reviewed IT system access in August and September of 2023 and identified 1 terminated employee who still had an active student information system user account, despite the District's termination checklist indicating that this access had been disabled. District staff indicated that they disabled this user's account after we brought the issue to their attention. We will assess the District's efforts to implement this recommendation at the 48-month followup.