

## RESULTS

The Arizona Auditor General engaged Sjoberg Evashenk Consulting, Inc., to conduct a performance audit of Liberty Elementary School District, pursuant to Arizona Revised Statutes §41-1279.03(A)(9), and determine the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements. We found that the District did not comply with important requirements and recommended practices in various areas, including accounts payable, travel reimbursements, credit cards, and procurement, increasing the risk for errors, fraud, and improper payments. Additionally, the District did not accurately calculate bus mileage and riders, which may have impacted the District's transportation funding. Finally, we identified various information technology (IT) deficiencies that increased the District's risk for unauthorized access to sensitive District information and data loss.

### AUDIT PURPOSE

To assess the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements.

### BACKGROUND

Liberty Elementary School District is a suburban school district located in Maricopa County and was responsible for the education of 4,204 students in fiscal year 2023. The District has 7 schools providing education services for students in kindergarten through 8<sup>th</sup> grade.

### KEY FINDINGS

- The District's internal controls were insufficient in various areas, including accounts payable, credit cards, and procurement, putting public monies at increased risk of fraud and misuse and potentially impacting the accuracy of its financial reporting.
- The District did not comply with important travel and purchasing requirements, resulting in overpayments and increased risk of errors, fraud, and improper payments.
- The District inaccurately reported school bus riders and/or miles driven to the Arizona Department of Education (ADE) for State funding purposes in fiscal years 2023 and 2024, potentially impacting its transportation funding amounts.
- District employees' excessive access to sensitive computerized data and other information technology deficiencies increased the risk of unauthorized access to sensitive information, errors, fraud, and data loss.

### KEY RECOMMENDATIONS

The District should:

- Implement a systematic approach to develop, review, and regularly update comprehensive administrative policies and procedures related to cash handling, travel, accounts payable, credit cards, and procurement, ensuring they are current, consistent, and effectively guide staff in implementing Board-approved policies and ensuring compliance with State requirements.
- Enhance its management oversight by implementing systematic monitoring, and regular review of processes to ensure compliance with State requirements and Board policies, promptly detect and correct deficiencies, and promote responsible stewardship of public resources.
- Recalculate and resubmit accurate fiscal years 2023 and 2024 miles driven and riders transported to ADE to ensure the transportation funding it received for those years is correct.
- Establish a supervisory structure with clear accountability for overseeing IT operations, network management, and system security, as well as review and improve internal controls to prevent errors and detect vulnerabilities promptly.