

## District Response

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February 11, 2025

Sjoberg Evashenk Consulting  
455 Capitol Mall, Suite 700  
Sacramento, CA 95814

To Whom It May Concern:

Please accept Liberty Elementary School District response to the Performance Audit that has recently been completed. The administration and governing board accept the findings, have already implemented some of the recommendations and will continue to diligently work to implement the remaining recommendations.

The District would like to share our appreciation to the audit team for their professionalism and patience while conducting the audit. Thank you for working with us in such a positive way that helped us grow through this process.

Sincerely,

A handwritten signature in cursive script that reads "Dane Bolden".

Dane Bolden  
Executive Director of Business Services

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**Finding 1:** The District's internal controls in some areas were deficient, putting public monies at an increased risk of errors, fraud, and improper payments.

District Response: The finding is agreed to.

**Recommendation 1:** Develop and implement written procedures and a supervisory review process to ensure that purchase orders or requisitions are obtained and approved in advance of purchases being made, including those made with credit cards, and any purchase order overages beyond the initial approved amount receive a secondary approval.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 2:** Develop and require annual training for responsible employees about the District's purchasing and accounts payable policies, procedures, and processes and related USFR requirements.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 3:** Ensure employees responsible for classifying expenditures review the USFR's Uniform Chart of Accounts for school districts for changes at least annually and implement its guidance to accurately account for and report the District's spending.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 4:** Require District employees responsible for maintaining physical security of credit cards to maintain complete and accurate credit card logs that include enough information to track who used which credit card at what time and the associated purchase order.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 5:** Require users to submit annual credit card user agreements and ensure they are filed and accessible to the District.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 6:** Establish procedures to ensure that all card users have a signed user agreement on file with the District and receive training on the District's credit card policies and procedures prior to using District credit cards.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 7:** Establish a centralized system for storing and managing all procurement-related documentation for District and cooperative agency contracts, such as purchase orders, contracts, cooperative agreements, requests for proposals, due diligence forms, and any other relevant documentation to ensure compliance with the USFR, *Arizona Administrative Code* and Board-approved policies.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 8:** Implement a systematic approach to develop, review, and regularly update administrative policies and procedures related to procurement, credit cards, and accounts payable, including record retention requirements, to ensure they are current, consistent, and align with Board-approved policies and State requirements.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 9:** Improve management oversight of fiscal activities by implementing a process for monitoring and reviewing procurement activities, credit card custody and use, and accounts payable processes to ensure compliance with State requirements and Board policies.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Finding 2:** The District did not follow State travel policies for reimbursements and insurance, putting public monies at an increased risk of errors and improper payments, and potentially increasing the District's liability for vehicle accidents.

District Response: The finding is agreed to.

**Recommendation 10:** Regularly provide and document training on USFR requirements, SAAM requirements, and the District policies and guidance documents related to travel to staff responsible for processing travel expense claims.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 11:** Develop a thorough secondary review process to review travel approvals, claims, and reimbursements to ensure travel expenditures comply with District, State and federal requirements.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 12:** Determine whether District employees' travel within District boundaries meets the requirement for official travel status and how to correctly account for mileage reimbursed for travel within District boundaries, and formally document the District's determinations. In making these determinations, the District should consult with legal counsel as necessary.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Finding 3:** The District inaccurately reported miles and riders to ADE for State funding purposes.

District Response: The finding is agreed to.

**Recommendation 13:** Annually review ADE's most recent transportation guidance, maintain all documentation related to miles driven and riders transported, and review and revise its secondary review process to ensure the number of route miles traveled and riders transported are accurately calculated and reported to ADE for State funding purposes.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 14:** Recalculate and resubmit accurate fiscal years 2023 and 2024 miles driven and riders transported to ADE to ensure the transportation funding received for those years is correct.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Finding 4:** The District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, errors, fraud, and data loss.

District Response: The finding is agreed to.

**Recommendation 15:** Review and revise, as needed, the District's processes for ensuring access to the District's IT network is terminated when employees and contractors no longer work for the District.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 16:** Develop and implement a policy and process to regularly perform and document, at least annually, a detailed review of users' accounts that includes assessing the need for network and accounting system access to ensure that access level is appropriate, disabling software is operating as expected, and ensuring access is promptly disabled when it is no longer needed.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 17:** Collaborate with the software vendor or IT personnel to correct the logic error in the District's software that is used to identify and disable inactive accounts.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 18:** Enforce strong password requirements aligned with credible industry standards to decrease the risk of unauthorized persons gaining access to its network and disrupting operations.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 19:** Continue the rollout of MFA for all critical systems, including updating IT security policies and providing training and support to staff to facilitate the transition to MFA for all systems.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 20:** Establish, implement, and enforce comprehensive policies and procedures that clearly define responsibilities for overseeing and monitoring IT operations and the District's network to promptly detect potential malicious or fraudulent activity as well as ensure effective security and access controls over information technology are in place and in compliance with USFR.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 21:** Provide and document regular training to District IT staff on USFR and credible industry standards information technology requirements, at least annually.

District Response: The finding is agreed to, and the audit recommendation will be implemented.

**Recommendation 22:** Consult with legal counsel regarding its unexecuted intergovernmental agreement with Maricopa County School Superintendent's Office and take appropriate steps to ensure the District's interests are protected.

District Response: The finding is agreed to, and the audit recommendation will be implemented.