





Benson Unified School District

Initial Followup of Report 24-205

The April 2024 Benson Unified School District performance audit found that the District’s transportation reporting errors led to excess State funding and a lack of internal controls and compliance with important IT requirements put student activity monies and sensitive computerized data at risk. The CPA firm Walker & Armstrong, who conducted the performance audit under contract with the Arizona Auditor General, made **14** recommendations to the District.

District’s status in implementing 14 recommendations

| Implementation status | Number of recommendations |
|------------------------------------------------------------------------------------------------------------|---------------------------|
|  Implemented | 2 recommendations |
|  In process | 7 recommendations |
|  Not yet applicable | 2 recommendations |
|  Not implemented | 3 recommendations |

We will conduct a 24-month followup with the District on the status of the recommendations that have not yet been implemented.

Recommendations to the District

Finding 1: The District's errors on annual transportation reports resulted in it being overfunded by \$343,000 for fiscal year 2024

1. The District should annually submit accurate and complete required transportation reporting to the Arizona Department of Education (ADE).

▶ Status: **Not yet applicable.**

The District developed transportation reporting procedures in May 2024 to help ensure it accurately completes and submits required transportation reports to ADE. Although the District's updated procedures include processes related to the *Transportation Route Report*, they do not include procedures for completing and submitting the *Vehicle Inventory Report*, which is the report the District completed incorrectly, resulting in the incorrect transportation funding amounts identified during the audit. The District submitted its fiscal year 2025 *Transportation Route Report* to ADE in January 2025. However, the fiscal year 2025 *Vehicle Inventory Report* is not required to be submitted to ADE until July 2025. Therefore, we will review updates to the District's reporting procedures and the accuracy of the District's fiscal year 2025 required transportation reports at the 24-month followup after both reports have been submitted.

2. The District should develop and implement procedures to ensure transportation information, including eligible students transported and miles driven, is properly reported to the ADE for State funding purposes. The procedures should include a secondary review process before submitting transportation reporting to ADE.

▶ Status: **Implementation in process.**

As stated in recommendation 1, the District developed transportation reporting procedures to help ensure it properly completes and submits its *Transportation Route Report* to ADE. Specifically, the procedures require the District to accurately identify eligible student riders and miles driven according to ADE's Transportation Guidelines and State statute. Additionally, the procedures require the District's director of business to perform a secondary review to ensure the District's transportation reports are accurate prior to the District submitting them to ADE. As explained in recommendation 1, the District submitted its fiscal year 2025 *Transportation Route Report* to ADE in January 2025 but had not submitted the fiscal year 2025 *Vehicle Inventory Report* at the time of our review, as it is not required to be submitted to ADE until July 2025. Therefore, we will assess the District's efforts to implement the recommendation at the 24-month followup after both reports have been submitted.

3. The District should develop and implement procedures to review transportation funding amounts received and compare the amounts to budgeted amounts.

▶ Status: **Implementation in process.**

The District has developed a procedure to review transportation funding amounts received and to compare the amounts to budgeted amounts. However, the District has not developed more specific procedures for staff on how to conduct this review, and the District was unable to provide documentation showing staff had completed a review as of February 2025. The District reported it will further develop and implement its procedures to review transportation funding amounts received and compare the amounts to budgeted amounts and document its review by September 2025. We will review the District's efforts to implement this recommendation at the 24-month followup.

4. The District should work with ADE regarding needed corrections to its transportation funding reports until all transportation reporting and funding errors are fully corrected.

▶ Status: **Implemented at 6 months.**

The April 2024 performance audit found that the District erroneously retired all of its school buses in the fiscal year 2023 *Vehicle Inventory Report* and overreported its average daily mileage in the fiscal year 2023 *Transportation Route Report*, resulting in fiscal year 2024 overfunding of approximately \$343,000. Our December 2024 review found that the District had worked with ADE to correct the errors the contract auditor identified during the audit. Additionally, the District repaid the overfunded monies, totaling \$343,000, to ADE in April 2024.

Finding 2: District did not comply with important cash-handling requirements, putting the District at an increased risk of errors and fraud

5. The District should ensure that its newly established cash-handling policy includes all internal controls necessary to properly safeguard student activity funds in compliance with *Uniform System of Financial Records for Arizona School Districts* (USFR) requirements for cash handling.

▶ Status: **Implementation in process.**

Although the District had implemented new cash-handling policies at the time of the performance audit, the District reported it is in the process of updating its cash-handling policies and procedures to incorporate procedures related to using a new cash receipting software to properly safeguard and record cash collected at the District. The District reported it plans to train District staff involved in the cash-handling process on the updated cash-handling policies and procedures by March 2025 and plans to implement the updated cash-handling policies and procedures by April 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

6. The District should develop and implement processes to monitor and enforce staff compliance with its cash-handling policies, such as by performing regular reviews of cash receipt and deposit documentation and taking action when it identifies staff noncompliance with cash-handling policies.

▶ Status: **Not yet applicable.**

As stated in recommendation 5, the District reported it is in the process of updating its cash-handling policies and procedures to incorporate procedures related to using

a new cash-receipting software. Additionally, the District reported it will train District staff involved in the cash-handling process on the updated cash-handling policies and procedures by March 2025 and will ensure that it develops and implements processes to monitor and enforce staff compliance with its cash-handling policies by April 2025. Because the District is still in the process of developing and implementing its cash-handling policies and procedures, we will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 3: District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to its network and sensitive information, errors, fraud, and data loss

7. The District should implement and enforce strong password requirements that align with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

▶ Status: **Not implemented.**

Our November 2024 review of the District's password requirements found that the District did not enforce strong password requirements that align with credible industry standards. District officials reported that the District will update its password requirements for all users by April 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

8. The District should develop and implement policies and procedures to regularly review the District's password standards against credible industry password standards at least annually.

▶ Status: **Not implemented.**

Although the District developed a policy in October 2024 to regularly review the District's password standards against credible industry password standards, which it plans to do biannually, it has not done so and has not developed procedures for doing so. The District reported it will implement procedures and perform a password standards review by April 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

9. The District should protect its sensitive computerized data by limiting users' access to its accounting system and student information system to only those functions needed to perform their job duties, including removing the business office employees' administrator-level access.

▶ Status: **Implementation in process.**

Our review of the District's user access to its accounting and student information systems, which we conducted between December 2024 and February 2025, found that the District had taken some steps to reduce users' excessive system access. Specifically, we found that the District limited users' student information system access to only those functions needed to perform their job duties. Additionally, the District removed the business office employees' administrator-level access in the accounting system. However, the District had not limited users' access to its accounting system to

only those functions needed to perform their job duties. Specifically, 2 of 38 accounting system users we reviewed, including 1 user identified during the audit, had more access than needed to perform their job duties. These users could initiate and complete purchasing and/or payroll transactions without an independent review and approval. The District indicated that due to its limited number of staff, it developed a process in January 2025 for the District's director of business to receive immediate email notifications of accounting system changes such as new vendors, new employees, and rate changes, and review them for appropriateness. The District reported it will perform this review going forward to ensure accounting system users' activity within the accounting system is authorized and appropriate. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 10.** The District should develop and implement written policies and procedures to assign and periodically review accounting system access for employee accounts to ensure they have access to only those accounting system functions needed to perform their job duties. If separation of duties is not feasible due to a limited number of personnel, the District should implement other controls such as a process for a supervisor to regularly review system logs, balancing reports, and other relevant indicators, as required by the USFR.

▶ Status: **Implementation in process.**

The District developed written policies and procedures to assign and periodically review accounting system access for employee accounts in October 2024. Further, as explained in recommendation 9, the District developed a process in January 2025 for the District's director of business to review email notifications of accounting system changes for appropriateness. However, as stated in recommendation 9, 2 District employees continue to have more accounting system access than needed to perform their job duties. The District reported it will implement its policies and procedures by June 2025 and reported it will continue to review email notifications of accounting system changes for appropriateness. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 11.** The District should develop and implement written policies and procedures to initiate automatic device locks after a defined period of inactivity.

▶ Status: **Implemented at 6 months.**

Our December 2024 review of the District's implemented inactivity timeout policy found that the District developed and implemented written policies and procedures to initiate automatic device locks after a defined period of inactivity on all District-wide devices.

- 12.** The District should protect sensitive computerized systems and data by evaluating and implementing security measures, such as encryption, for its DNS servers.

▶ Status: **Not implemented.**

The District has not evaluated and implemented security measures, such as encryption, for its DNS servers to protect sensitive computerized systems and data. The District reported it is in the process of researching encryption measures and has reached out to vendors for assistance. The District reported it will implement security measures, such as encryption, for its DNS servers by July 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 13.** The District should develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results.

▶ Status: **Implementation in process.**

District officials reported that it is in the process of developing and implementing an IT contingency plan that meets USFR requirements and credible industry standards. The District stated that it will complete its IT contingency plan and test it to identify and remedy deficiencies and document the test results by July 2025. We will assess the District's efforts to implement this recommendation at the 24-month followup.

- 14.** The District should develop comprehensive IT security policies and procedures in alignment with USFR requirements, and ensure they are consistently communicated to and implemented by staff to address any identified deficiencies and discrepancies in current operations.

▶ Status: **Implementation in process.**

Since the performance audit, the District updated its IT security policies and procedures. However, our review found that the District has not addressed all the IT deficiencies discussed above that the contract auditor identified during the performance audit. District officials reported the District is in the process of ensuring that all its IT security policies and procedures are aligned with USFR requirements and conducting staff trainings to ensure the updated IT security policies and procedures are communicated and implemented by District staff. We will assess the District's efforts to implement this recommendation at the 24-month followup.