

Sierra Vista Unified School District Performance Audit

District inappropriately paid administrators \$34,500 in bonuses and performance pay, incorrectly compensated some employees, and improperly processed some retirement withholdings. It also did not adequately safeguard cash and fuel supplies; comply with conflict-of-interest laws; limit access to IT systems; and ensure all transportation requirements were met to help ensure student safety

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.

Key findings

- ▶ District paid administrators \$34,500 in bonuses and performance pay without required contracts or performance goals, reducing monies available for other District priorities and potentially violating the Arizona Constitution's gift clause, and did not ensure that a former administrator who provides consulting services submitted invoices that were sufficiently detailed to ensure payments are appropriate.
- ▶ District incorrectly compensated employees for sick leave and underpaid some employees for additional duties. It also did not report required information about incentive payments to the Arizona State Retirement System (ASRS) and improperly included the incentive and leave payments when calculating ASRS withholding for some employees, which may result in improperly inflated retirement benefits and unfunded liabilities.
- ▶ District did not adequately safeguard cash; made purchases without prior approval and paid invoices without ensuring goods or services were received; and likely had more purchasing cards and authorized users than necessary.
- ▶ Contrary to State laws, the District did not comply with some conflict-of-interest requirements, increasing the risk that employees and Board members did not disclose substantial interests that might influence their official conduct.
- ▶ District allowed some users excessive access to its sensitive computerized data and did not promptly disable users' access to its systems when no longer needed, and its contingency plan lacked key components, increasing the risk of unauthorized access to sensitive information, errors, fraud, and data loss.

- ▶ District did not ensure that all bus drivers were properly certified and tested; school bus preventative maintenance was performed timely; and transportation funding reports were accurate. It also did not fully secure its fuel supplies, increasing the risk of theft or misuse.

Key recommendations to the District

- ▶ Ensure that any changes to employment terms, including to pay and duties, comply with the USFR, are supported by contract amendments or addendums, and are approved before the work is performed and ensure consulting services invoices are reasonable prior to approving payment.
- ▶ Ensure employee sick leave compensation complies with State law and District policy; correct underpayments to employees; work with the Arizona State Retirement System to identify and correct retirement withholdings and address any unfunded liabilities; and train payroll staff.
- ▶ Develop and implement written procedures for cash handling and purchasing and train employees responsible for these activities, and limit the number of District purchasing cards and authorized users to the minimum necessary for effective purchasing.
- ▶ Ensure all Board members and employees receive periodic conflict-of-interest training and annually complete conflict-of-interest disclosure forms.
- ▶ Limit IT system user access to only those functions necessary for performing job duties and promptly disable user accounts that are no longer needed; implement strong authentication controls; and review and test its IT contingency plan.
- ▶ Oversee its transportation contractor to ensure reports for funding are accurate and standards are met for bus driver testing and certification and school bus maintenance, and secure its bulk fuel supplies and track usage to ensure it is for District purposes.

Key recommendation to the Board

- ▶ Determine whether it had the legal authority to pay the additional compensation to its CFO and performance pay to its superintendent and, if not, determine its ability to recover the monies; establish, publicly approve, and document performance pay goals and ensure they are met prior to approving any future performance payments.