

Colorado City Unified School District No.14

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January 23, 2017

State of Arizona
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Attn: Ms. Debbie Davenport, Auditor General
Mr. John Ward, Audit Manager

Regarding: Colorado City USD Performance Audit

Dear Auditors,

Colorado City Unified School District #14 has received and reviewed the Preliminary Draft Performance Audit conducted for fiscal year 2014. Our district would like to extend our appreciation to your organization for its willingness to take the time necessary to clarify the items that required discussion.

Our district will implement the recommendations as outlined in this preliminary report dated January 2017. Our goal is to be in compliance with all legal requirements for school districts as well as implement best practices for organizations. Your audit, like other audits, will help us improve our effectiveness.

Included with this letter is the District's response to each finding and recommendation.

Sincerely,

Ms. Carol Timpson
Superintendent

Finding 1: District needs to improve controls in multiple areas

District Response: District agrees with the finding that it needs to improve its internal controls. District will implement the auditor general recommendations.

Recommendation 1: To ensure that it receives the proper amount of cash from food service sales, the District should improve oversight and procedures, including investigating and resolving any cash overages and shortages noted on daily system reports in a timely manner.

District Response: District agrees with Recommendation 1 and has implemented a double check at the business office to ensure that daily sales reports match the cash collection and that any discrepancy is investigated, corrected or explained.

Recommendation 2: The District should enforce its policy of not extending credit to students for meals and take additional steps to collect unpaid meal balances.

District Response: District agrees with the recommendation that it needs to tighten its processes regarding extending credit to students. It will implement this recommendation by a careful audit of the beginning of the year Free and Reduced applications to ensure all are completely timely. Also, students with balances that reach zero will need to contact their parents prior to receiving an alternate lunch to avoid additional charges.

Recommendation 3: The District should implement stronger password requirements for its computer network and student information system related to password length, complexity, and expiration.

District Response: District agrees with this recommendation. District has already implemented stronger password requirements for each of its main systems. The accounting and student information systems require Upper Case, Lower Case, Number, and special character. They must also be eight digits long and have to be changed every 3 months. Student logins require an eight character alphanumeric password.

Recommendation 4: The District should limit users' access to the accounting system to only the access necessary to meet their job responsibilities and ensure that a user cannot initiate and complete a transaction without an independent review.

District Response: District agrees with this recommendations. District has recently made changes to the accounting system that will give it more control over user rights. Going forward, District will customize each user to ensure that they only have rights pertaining to their area of responsibility. Users will be limited in their ability to initiate and complete transactions without another employees authorization.

Recommendation 5: The District should eliminate unnecessary generic user accounts from its accounting system and properly control any necessary generic accounts by disabling them when not in use.

District Response: District agrees with this recommendation. District now has ability to control user accounts and will implement this recommendation ... see District Response Recommendation 4.

Recommendation 6: The District should implement controls to limit employees' ability to install unauthorized software on district computers or develop a process to monitor computers for installation of unauthorized software.

District Response: District agrees with this recommendation. We recognize the need to protect our computer systems from viruses. The district will implement this recommendation by installing deep freeze on all staff computers. This process will ensure that staff has the IT personnel to install any new software on their machines.

Recommendation 7: The District should accurately calculate and report to the Arizona Department of Education the actual number of riders transported for state funding purposes.

District Response: District agrees with this recommendation. District has implemented this recommendation and we now manually count the riders each day for thirty days in the 2nd month of school. We will then report the average number of riders to ADE.

Recommendation 8: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: District agrees with this recommendation. District has begun the implementation of this recommendation by changing coding to better match the Uniform Chart of Accounts for School Districts.

Finding 2: District should strengthen oversight of facility rentals

District Response: District agrees that it can strengthen its facility use controls. It will implement the recommendations as listed below.

Recommendation 1: The District should enforce its policy to have a facility use agreement with all those renting its facilities. The facility use agreement should state the rental charges that reflect the District's Governing Board-approved fee schedule, and fees should be collected prior to facility usage, in accordance with district policy.

District Response: District agrees with this recommendation. District will add rental charges to its facility use agreements, require an agreement each time a facility rental occurs, and collect fees prior to facility usage.

Recommendation 2: The District should adhere to its policies pertaining to employee supervision of rental facilities, as well as the issuance of keys to outside groups. When other arrangements for facility supervision have been approved or when keys have been issued to outside groups because the District has determined no suitable alternative exists, the District should document these circumstances.

District Response: District agrees with this recommendation. District will implement this recommendation by updating its facility use policies and rental schedules.

Recommendation 3: To minimize risk, the District should ensure that all users renting its facilities have the required property liability insurance.

District Response: District agrees with this recommendation. District will implement this recommendation by requiring liability insurance for each facility use rental.