

Cañon Elementary School District # 50



Home of the Cougars

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March 28th, 2017

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

Attn: Debbie Davenport, Auditor General
Ms. Ann Orrico, Audit Manager

Regarding: Canon ESD #50 Performance Audit

Dear Auditors,

Canon ESD #50 has received and reviewed the Preliminary Draft Performance Audit conducted for fiscal year 2015. 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 March 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.

Angela E. Jangula, Superintendent
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Finding 1: District needs to strengthen its accounting and computer controls

District Response: District Agrees. Canon Elementary has instituted a payroll/admin office position to help with controls. Canon's computer controls have been upgraded and password protected. Canon has also approved an IT disaster plan.

Recommendation 1: The District should ensure that additional duties and related payments are addressed in employment contracts or personnel/payroll action forms, approved in advance of the work being performed, and maintained in employee personnel files.

District Response: District Agrees. The district has added an administrative office position to help with the organization of personnel/payroll action forms. All contracts will be approved in advance and maintained in employee files.

Recommendation 2: The District should ensure that it requires an independent review and approval of all of its purchases prior to the purchases being made.

District Response: District Agrees. Canon District now has an office assistant that reviews the purchases and provides a proper separation of duties.

Recommendation 3: The District should implement proper controls over its cash receipts by preparing and issuing prenumbered receipts for all monies collected, recording the number of items sold on the cash collection sheets, and having an employee who is not authorized to make disbursements perform the bank reconciliations.

District Response: District Agrees. Canon will use prenumbered receipts for all monies collected; record the number of items sold on the cash collection sheets and has an employee who is not authorized to make disbursements perform the bank reconciliations. Canon has a new district admin secretary that can help this. It will also be a part of the yearly training of staff at Canon School.

Recommendation 4: The District should implement and enforce stronger password requirements related to password length, complexity, and expiration.

District Response: District Agrees. This has been done and all passwords have been updated with the requirements.

Recommendation 5: The District should limit employees' access in the accounting system to only those accounting system functions needed to perform their work.

District Response: District Agrees. The district has employed a new district office assistant to have better separation of duties.

Recommendation 6: The District should review and reduce the number of users with administrator-level access to its network.

District Response: District Agrees. Canon has reduced its number of users with administrator-level access.

Recommendation 7: The District should develop and implement a formal process to ensure that terminated employees have their computer network and systems access promptly removed.

District Response: District Agrees. Canon now has a process that terminated employees will have their systems access promptly removed. Canon's IT technician will report terminated employees to system management and they will remove access promptly.

Recommendation 8: The District should review and update its IT vendors' service agreements to ensure that all services provided are stipulated in the agreements.

District Response: District Agrees. Canon has reviewed its IT vendor's service agreements to ensure that all services provided are stipulated in the agreement. New contracts will have all the agreements.

Recommendation 9: The District should review its contingency plan to ensure it is complete and test it periodically to identify and remedy any deficiencies.

District Response: District agrees. Canon now has a board approved IT disaster recovery procedure plan and team.

Recommendation 10: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: District agrees. Canon will classify all transactions in accordance with the Uniform Chart of Accounts for the school district. Additional training has been done for USFR coding.