

AJO UNIFIED SCHOOL DISTRICT NO. 15

Governing Board Members:

Ms. Lisa Rossi
President
Ms. Rose Cameron
Clerk
Mr. John Byrnes
Member
Ms. Marcia Duncan
Member
Mr. Eric Krznarich
Member

Administration:

Dr. Robert F. Dooley
Superintendent
Dr. Joen M. Painter
Principal
Ms. Patricia Spencer
Director of Finance

June 9, 2011

Ms. Debra K. Davenport
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

RE: Ajo Unified School District Response Report – Performance Audit for 2009

Dear Ms. Davenport:

The Ajo Unified School District #15 respectfully submits its response to the performance audit conducted by the Auditor General for the fiscal year 2009. The report includes a number of findings and recommendations for those findings. These recommendations, to each finding, have already, and will continue to, improve our district's processes and procedures. The following pages address the District's response to the findings, and the recommendations, as well as the current status of implementation of each recommendation.

Ajo Unified School District would like to thank the Auditor General staff that was assigned to our District with regard to their professionalism while interacting with our various staff members. The individuals were sensitive to the District's need for additional time for completion of this audit and were diligent in answering all of the district's questions.

If you have any additional questions, please feel free to call me at (520) 387-5618.

Sincerely,

Robert F. Dooley, Ed.D.
Superintendent
Ajo Unified School District #15

AJO UNIFIED SCHOOL DISTRICT NO 15
PERFORMANCE AUDIT RESPONSES

FINDING 1: Inadequate accounting and IT controls increase risk of errors and fraud

Recommendations:

1. The District should implement proper controls over its payroll processing to ensure adequate separation of duties.
District Response: The District agrees with the finding and will implement the recommendation. The District has implemented a pre and post payroll review including staff, rates of pay, and contract payments to ensure only Board approved staff are being paid. The review is being documented and performed by the Director of Finance. In addition, the distribution of all checks will now be delegated to the Superintendent's Secretary as an additional separation of duties.
2. The District should establish a delayed payroll system in compliance with the Uniform System of Financial Records for Arizona School Districts to help ensure that employees are paid correctly.
District Response: The District agrees with the finding and will implement the recommendation. The District is working on a delayed payroll schedule for the 11-12 school year.
3. The District should ensure that payments for additional work are properly documented, approved, and maintained in employee personnel files.
District Response: The District agrees with the finding and will implement the recommendation. Governing Board action has already taken place for the 10-11 school year regarding authorization of additional pay for additional work, and will be on the agenda for approval each year. All pay actions resulting in additional pay for additional work will be documented with a copy of the district's PAR approved form in the individual personnel file.
4. The District should limit employees' access to only those accounting system functions needed to perform their work and should remove all generic user accounts.
District Response: The District agrees with the finding and will implement the recommendation. The District is working with the IT Director to limit the areas each employee has access to so they are specific to the job responsibilities.
5. The District should implement stronger password controls, requiring its employees to create more secure passwords and to periodically change those passwords.
District Response: The District agrees with the finding and will implement the recommendation. The District is working with the IT Director to put a procedure in writing and in place, for a stronger and more secure password process.
6. The District should establish and implement policies and procedures for logging and monitoring users' activities on critical systems and applications.

District Response: The District agrees with the finding and will implement the recommendation. The District IT Director is running log reports on a monthly basis and reviewing them for any inappropriate entries for staff.

7. The District should create a formal process for disabling unused network connection outlets on district walls.

District Response: The District agrees with the finding and will implement a modification to the recommendation. The IT Director has implemented actions to protect the integrity of the District's technology systems.

8. The District should create a formal disaster recovery plan and test it periodically to identify and remedy any deficiencies.

District Response: The District agrees with the finding and will implement the recommendation. The IT Director will establish a disaster recovery plan and will test it every three months to ensure its integrity.

FINDING 2:

Recommendations:

1. The District should ensure that CSF monies are used to supplement rather than supplant other monies spent on classroom instruction.

District Response: The District agrees with the finding in terms of the issue of supplanting and will implement the recommendation. However, the District does not agree that there were any supplanting violations by the District at any time.

2. The District should ensure that adequate documentation is retained to support all performance pay awards.

District Response: The District agrees with the finding and will implement the recommendation. The District Administration is presently providing hard copy documentation for all additional pay including performance pay awards.

OTHER FINDINGS:

1. DISTRICT DID NOT ACCURATELY REPORT ITS COSTS

Recommendation:

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

District Response: The District agrees with the finding and will strive to ensure that all transactions be in accordance with the Uniform Chart of Accounts for school districts.

2. DISTRICT ALLOWED STUDENTS TO CHARGE MEAL COSTS AND ACCUMULATE SIGNIFICANT UNPAID BALANCES

Recommendation:

1. The District should formalize, by putting in writing, and follow its stated policy for student meal charge sales and provide a sandwich to students who are carrying unpaid meal balances above \$10. Further, the District should determine what other steps can be taken to collect unpaid meal balances.

District Response: The District agrees with the finding and will implement the recommendation. The District is currently working with the Governing Board, Principal, Director of Finance, and Food Service Director to implement a firm policy regarding any negative balances, as well as educating the public on these policy updates.