



November 19, 2015

Ms. Debra Davenport, Auditor General
 State of Arizona
 2910 N.44th Street,Suite 410
 Phoenix,Arizona 85018

Re: Fiscal Year 2012-13 Performance Audit

Dear Ms. Davenport,

Littleton Elementary School District No. 65 respectfully submits our response to the Performance Audit conducted by the Auditor General's office for fiscal year 2012-13. I would like to recognize and commend your staff for their professionalism and cooperation as we worked together to complete this task. Ms. Orrico and her staff were professional and courteous as they worked with LESD staff to complete this Performance Audit.

We would like to take this opportunity to express our gratitude to your audit team for their positive feedback. We appreciate your recognition of achievement of overall efficiency, especially in our plant operations, food service program and transportation department. As stewards of public funds, we are committed to fiscal responsibility as well as transparency and efficiency.

We understand that despite our overall positive findings,it is important for us to continue to review our processes and procedures. We agree with the basis of findings and will continue to work to improve in those areas. The District recognizes the importance and effect of adequate controls to protect it from errors, fraud and misuse. It is always the goal of Littleton ESD to ensure that we are compliant in all areas. The District's response is attached and indicates the areas of agreement and area of difference of opinion.

Sincerely,

Roger S. Freeman, Ed.D.
 Superintendent

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Estrella Vista Elementary
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Littleton Elementary
 (623) 478-5700
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Quentin Elementary
 (623) 478-6000
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Tres Rios Elementary
 (623) 478-6300
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Littleton ESD FY2012-13

Performance Audit Response

Finding 1: District lacked adequate controls to protect it from errors, fraud, and misuse.

District Response: The District recognizes the importance and effect of adequate controls to protect it from errors, fraud and misuse. While we agree that there were some staff errors, no fraud or misuse are indicated and it is always the goal of Littleton ESD to ensure that we are compliant in all areas.

Recommendation 1: The District should ensure that it follows proper purchasing processes as outlined in the *Uniform System of Financial Records for Arizona School Districts*, including ensuring proper approval before making purchases.

District Response: The District agrees with the recommendation. Post Fiscal Year 2013, the District implemented procurement violation procedures. If an employee arranges a purchase prior to approval then it is documented by the business office. A Notice of Procurement Violation form is forwarded to the employee's supervisor and the accountability is escalated through levels of administration to include personnel action taken against the employee in the event of repeated occurrences.

Recommendation 2: The District should implement and enforce stronger password requirements.

District Response: While the current District password requirements have created no security issues, we agree to strengthen password requirements to decrease future risk.

Recommendation 3: The District should limit employees' access to the account system to only the access necessary to meet their job responsibilities to help ensure that no single employee can initiate and complete transactions without an independent review.

District Response: The District agrees that access to critical systems needs to be limited, and changes in staffing often require changes in roles. Adjustments have been made to account system roles that limit a single employee access to initiate and complete transactions of payables and/or payroll.

Recommendation 4: The District should develop and implement a formal process to ensure that terminated employees have their computer network access promptly removed.

District Response: The District agrees that the process should include a scheduled review of accounts each June and January as these are the times we experience high volumes of staff changes. The District already has a process in place between HR and IT for notification of separation of employment throughout the year.

Recommendation 5: The District should eliminate unnecessary accounts on its IT network and systems and minimize and properly control any generic accounts that are considered necessary by disabling them when not in use.

District Response: The District agrees that unnecessary accounts should be disabled and has reviewed the generic accounts in place, these network accounts have been assessed for their value and have been determined to promote efficiency. The District will continue to restrict access through disabling accounts and/or changing passwords and has now implemented an annual review of user accounts each January and June.

Recommendation 6: The District should review its formal disaster recovery plan to ensure it is complete and test it periodically to identify and remedy deficiencies.

District Response: The District agrees that a formal disaster recovery plan is important and the current plan warrants more detail. The plan is reviewed annually with staff responsibilities and recovery procedures examined and documented. The current plan has been tested through instances of real life technical events and in all cases data has been retrieved successfully.

Recommendation 7: The District should review and limit employees' access to its buildings based on district policy.

District Response: The District agrees that facility access and the key security procedures need to be consistent with current practice in the District. The current written key process and procedures along with distribution schedules have been updated so that the ECA policy and regulation reflect the updated District Key Distribution Schedule. The distribution schedule is being updated to include keyless entry FOBs which will be expanded to include more sensitive areas, providing the ability to limit access to not only specific areas but also to certain times and days, to grant or deny access electronically as well as track access.

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

District Response: While the District agrees with the recoding recommendations of the majority of the transactions indicated by the Auditor General's audit personnel, there were areas that a difference of interpretation was evident and these areas were discussed during the audit process. The District will continue to review account codes, purchasing activities and personnel duties during the coding process.