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AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

January 12, 2018

The Honorable Anthony Kern, Chair  
Joint Legislative Audit Committee

The Honorable Bob Worsley, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Kern and Senator Worsley:

Our Office has recently completed a 24-month followup of the Maricopa Unified School District's implementation status for the 16 audit recommendations presented in the performance audit report released in October 2015. As the enclosed grid indicates:

- 7 recommendations have been implemented;
- 6 recommendations are in the process of being implemented; and
- 3 recommendations have not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the October 2015 performance audit.

Sincerely,

Vicki Hanson  
Director, Division of School Audits

VH:bh  
Enclosure

cc: Dr. Steve Chestnut, Superintendent  
Governing Board  
Maricopa Unified School District

# MARICOPA UNIFIED SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued October 2015 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: Inadequate accounting and computer controls increased risk of errors and fraud</b>	
1. The District should ensure that it follows proper purchasing processes as outlined in the <i>Uniform System of Financial Records for Arizona School Districts</i> , including ensuring proper approval before making purchases.	<b>Implemented at 6 months</b>
2. The District should ensure that payments are made in a timely manner to avoid finance charges, late fees, and penalties.	<b>Implemented at 6 months</b>
3. The District should implement proper controls over its cash receipts, including adequately separating cash-handling responsibilities, issuing prenumbered cash receipts for all monies collected, and reconciling cash collections to issued receipts.	<b>Implementation in process</b> The District continues to improve controls over its cash collections process, including separating cash-handling responsibilities and issuing prenumbered cash receipts. However, the District should improve its reconciliation and review procedures to ensure that proper amounts are collected and deposited.
4. The District should limit employees' access to only those accounting system functions needed to perform their job responsibilities.	<b>Implementation in process</b> Auditors reviewed the District's accounting system user access report and found that two of the users identified during the audit continue to have broad access to the accounting system. The District has implemented some compensating controls to help limit the risks associated with the broad access and is in the process of implementing additional compensating controls to further limit the risk of errors or fraud.
5. The District should review and eliminate unnecessary accounts with administrator-level access to its network and student information system, and establish better controls over vendor support accounts, such as disabling them when not receiving vendor support.	<b>Implemented at 12 months</b>
6. The District should review and eliminate unnecessary generic user accounts.	<b>Implemented at 6 months</b>

Recommendation	Status/Additional Explanation
7. The District should implement stronger password requirements related to password length, complexity, and expiration.	<b>Implemented at 12 months</b>
8. The District should develop and implement a formal process to ensure that terminated employees have their IT network and system access promptly removed.	<b>Not implemented</b> The District implemented a new process to help ensure that terminated employees have their IT network and system access promptly removed. However, the District needs to improve the process as auditors reviewed a sample of ten terminated employees' accounts and found that five of their network accounts and one of their student information system accounts were still active.
9. The District should create a comprehensive disaster recovery plan and test it periodically to identify and remedy any deficiencies.	<b>Implementation in process</b> The District revised its IT disaster recovery plan to include additional key components, but auditors found that the plan was still missing data backup and recovery procedures. The District has plans to add additional procedures and test its disaster recovery plan.

**FINDING 2: District officials could not demonstrate that \$1.3 million of desegregation expenditures addressed violation**

1. The District should ensure there is a clear understanding of the OCR violation, identify the goals of its administrative agreement, ensure the program meets those goals, and ensure it is spending its desegregation dollars on those costs that directly support the goals of its program. Additionally, the District should develop a method to evaluate the success of its desegregation program and make modifications to the program as necessary to help ensure the program is meeting its goals.	<b>Implemented at 6 months</b> The District now has the available documentation related to its Office for Civil Rights violation and has determined that its violation was for discriminating against English language learner (ELL) students. From this documentation, the District has identified the goals it developed in 1993 to address the violation and has determined that its current ELL program meets these goals. However, all districts in Arizona are now required to comply with requirements for ELL students similar to Maricopa USD's desegregation program's goals through implementation of the Arizona Department of Education's Structured English Immersion (SEI) Models. These requirements include identification and assessment of ELL students, teacher qualification requirements, classroom instructional methods and materials, reassessment of ELL students, and monitoring of reclassified ELL students. Similar to other Arizona districts, in fiscal year 2016, Maricopa USD received funding specifically for the purpose of implementing the SEI Models for its 210 ELL students. In addition to this funding, Maricopa USD also budgeted and spent approximately \$1.3 million, or about \$6,200 per ELL student, in desegregation monies to address the goals of its desegregation program. The District spent its desegregation monies on teacher salaries, which would be in alignment with its desegregation program's goals.
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**Recommendation****Status/Additional Explanation****FINDING 3: District should review options to address excess building capacity**

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| 1. The District should evaluate the use of space at each of its schools and implement ways to reduce identified excess space. | <b>Implementation in process</b><br>Since fiscal year 2012, the audit year, the District's student enrollment has increased by approximately 1,100 students, or about 21 percent. Additionally, the District reported adding 36 teachers in fiscal year 2018 using monies from a recently-passed override and an additional 6 special education teachers due to an increase in special education students. The District has also evaluated the use of space at each of its schools, and although its efforts have resulted in more classrooms being utilized, the District continues to have some unused space at some of its schools. Based on a recent demographics study, district officials believe that student enrollment will continue to increase, and they project that schools will be filled to more than 80 percent of designed capacity in fiscal year 2024. |
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**FINDING 4: District had much higher transportation costs and should strengthen controls**

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| 1. The District should review its transportation staffing levels to determine whether they can be modified to produce cost savings.   | <b>Not implemented</b><br>The District has not made changes to its transportation program that would result in significant cost savings and does not have plans to do so in the future. Further, as discussed in the next recommendation, the District's inaccurate records prevented auditors from evaluating the transportation program's costs.   |
| 2. The District should accurately calculate and report miles driven and students transported to ADE for state funding purposes.   | <b>Not implemented</b><br>Auditors reviewed the student transportation information that the District reported for fiscal year 2017 and found that it continued to make calculation errors in both its miles driven and students transported.   |
| 3. The District should develop and follow formal preventative maintenance policies that ensure the safe operation of its buses in accordance with the State's <i>Minimum Standards</i> .  | <b>Implemented at 6 months</b>   |
| 4. The District should evaluate and strengthen its controls over fuel inventory including reconciling the fuel logs to the fuel purchases, performing reasonableness tests to help ensure appropriate fuel use, and investigating irregularities. | <b>Implementation in process</b><br>In August 2017, the District switched from a manual fuel-tracking process to an electronic fueling system that stores information such as the day and time, the number of gallons pumped, and the vehicle odometer reading at each fueling. The District is currently developing a process to review reports from the electronic fueling system to strengthen its fuel inventory controls. |

**Recommendation****Status/Additional Explanation**

5. The District should strengthen its controls and oversight over fuel card purchases, including better securing the fuel cards, reconciling fuel receipts to the billing statements, investigating unusual purchases as soon as possible, and reviewing purchases for reasonableness.

**Implementation in process**

The District is better securing its fuel cards and is reconciling fuel receipts to the vendor's billing statements. However, although the District receives a report from the vendor's system showing miles per gallon for each vehicle, the District is not yet reviewing this information for reasonableness or investigating irregularities.