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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

January 19, 2017

The Honorable Bob Worsley, Chair
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair
Joint Legislative Audit Committee

Dear Senator Worsley and Representative Kern:

Our Office has recently completed a 24-month followup of the St. David Unified School District's implementation status for the 12 audit recommendations presented in the performance audit report released in December 2014. As the enclosed grid indicates:

- 10 recommendations have been implemented;
- 1 recommendation is in the process of being implemented; and
- 1 recommendation has 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 December 2014 performance audit.

Sincerely,

Vicki Hanson
Director, Division of School Audits

VH:bh
Enclosure

cc: Mr. Mark Goodman, Superintendent
Governing Board
St. David Unified School District

ST. DAVID UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued December 2014 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District lacked adequate accounting and computer controls to protect it from errors and fraud	
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.	Implemented at 6 months
2. The District should require supervisors to thoroughly review time sheets to help ensure that all employee pay amounts are accurate.	Implemented at 6 months
3. The District should establish and maintain effective internal controls to safeguard cash, including issuing receipts for all cash received and making deposits timely.	Implemented at 6 months
4. The District should review employee access to the accounting system and modify access to ensure that an employee cannot initiate and complete a transaction without independent review and that each employee has only the access necessary to meet their job responsibilities.	Not implemented Although the District restricted access to the accounting system for two user accounts, two employees continue to have more access than is necessary to meet their job responsibilities.
5. The District should implement and enforce password requirements related to password length, complexity, and expiration.	Implemented at 6 months
6. The District should limit physical access to its IT server room so that only appropriate personnel have access.	Implemented at 6 months
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	Implemented at 18 months

Recommendation	Status/Additional Explanation
8. The District should classify all transactions in accordance with the <i>Uniform Chart of Accounts</i> for school districts.	<p>Implementation in process Auditors reviewed the District's year-to-date fiscal year 2017 detailed accounting transactions and found that, although the District made some corrections when classifying its transactions, it continued to make classification errors similar to those found during the audit. However, district officials stated that they have begun taking steps to correct the remaining classification errors.</p>

FINDING 2: Improvements needed and some taken to lower District's high food service costs

1. The District should review its food service staffing levels to determine if changes can be made to produce cost savings.	Implemented at 18 months
2. The District should continue to closely monitor its food service program to identify and implement any additional cost savings measures.	Implemented at 18 months

FINDING 3: Improvements needed for transportation program recordkeeping and oversight

1. As statute requires for state funding purposes and also to help it evaluate its transportation program's efficiency, the District should determine and report to the Arizona Department of Education the actual number of students transported.	Implemented at 6 months
2. The District should evaluate and implement additional controls over its fuel inventory to help ensure proper accounting of all fuel deliveries and usage.	Implemented at 18 months