

**WENDEN ELEMENTARY SCHOOL**

P.O. Box 8-71101 E Santa Fe Ave.  
Wenden, Arizona 85357  
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June 17, 2015

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

Dear Ms. Debra Davenport,

We have reviewed the preliminary report for Wenden Elementary School District performance audit, which was conducted pursuant to Arizona Revised Statutes. The District agrees to implement the recommendations made by the Auditor General's Office.

Please contact me if you should have further questions.

Sincerely,

Gloria Dean

**Finding 1:** Inadequate accounting and computer controls increased risk of errors and fraud

District Response: District agrees with finding. In progress and La Paz County District Office is now working with the schools to implement an IGA for hosted services which are maintained at the county level.

**Recommendation 1:** The District should implement proper controls over its payroll and purchasing processes to ensure proper separation of responsibilities.

District Response: District will implement the recommendation. A Payroll Action Request form. We have in place a procedure that does not have the Superintendent as a requester and signer.

**Recommendation 2:** 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: The District will implement the recommendation. A Payroll Action Request form will be used.

**Recommendation 3:** The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made and maintains supporting documentation for all expenditures.

District Response: The District will implement the recommendation. All requisitions require approval and a signature by the administrator prior to purchases being made.

**Recommendation 4:** The District should document that all goods and services have been received prior to payment or reimbursement.

District Response: The District will implement the recommendation. All purchases will be required to include a receiving report as well as adding to inventory.

**Recommendation 5:** The District should strengthen its credit card review procedures to help ensure that all purchases are appropriate and for district purposes.

District Response: The District will implement the recommendation. Prior authorization through a requisition will need approval from the administrator before any purchases.

**Recommendation 6:** The District should ensure that if it purchases items to be sold by student clubs or in a staff snack bar that it maintains supporting documentation such as student club purchase orders, sales documentation, and inventory records.

District Response: The District will implement the recommendation. The district will implement a cash collection form.

**Recommendation 7:** 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 employees have only the access necessary to meet their job responsibilities.

District Response: The District will implement the recommendation. Employees will have no access to accounting system that is not a part of their job requirement or responsibility.

**Recommendation 8:**The District should limit student information system users' access to only information needed to perform their job responsibilities and develop and implement a formal process to ensure that terminated employees have their student information system access promptly removed.

District Response: The District will implement the recommendation. As soon as employees are terminated or have resigned their positions, the administrator will request for IT to delete account/s.

**Recommendation 9:**The District should eliminate or minimize generic user accounts in its accounting and student information systems and properly control any generic accounts used for technical support or training.

District Response: The District will implement the recommendation. The accounts will be deleted immediately.

**Recommendation 10:**The District should require employees to change assigned passwords at first login so that passwords are known only to the employees who create them, and implement and enforce stronger password controls by requiring employees to create more complex passwords and to periodically change them.

District Response: The District will implement the recommendation. In progress.

**Recommendation 11:**The District should implement controls to limit employees' ability to install unauthorized software on district computers or develop a process to monitor computers for installation of unauthorized software.

District Response: The District will implement the recommendation. A teacher/employee agreement will be implemented and will also be a component of the the employee handbook approved by the governing board.

**Recommendation 12:**The District should store backup drives in a secure location, separate from its server.

District Response: The District will implement the recommendation. The district will store backup drives at an off-site location (peer school district)

**Recommendation 13:**The District should ensure that its network-connected computers have currently supported operating systems installed.

District Response: The District will implement the recommendation. In progress.

**Recommendation 14:**The District should develop and implement a process to ensure critical updates are installed on its computers.

District Response: The District will implement the recommendation. In progress.

**Recommendation 15:**The District should establish a written agreement with the La Paz County School Superintendent's Office that outlines each party's responsibilities for the District's accounting system.

District Response: The District will implement the recommendation. In progress.

**Recommendation 16:**The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: The District will implement the recommendation.

**Finding 2:**District should assess ways to reduce its \$59,770 food service program subsidy and improve oversight of its food inventory

District Response: The District agrees with the finding and has implemented the following changes as of 2014-2015. The District has reduced staffing hours by 12 hours per week. The food costs have been reduced by preparing nutritional but lower costing meals. As of this year the cost per meal has been reduced to \$3.29 and the adult price is set at \$3.75 per meal.

**Recommendation 1:** The District should assess the costs and benefits of its participation in any special NSLP provision, including the suitability of using district funds to subsidize the food service program rather than using them to meet other needs.

District Response: The District is currently in the CEP program which is a federal program for low income and poverty communities.

**Recommendation 2:**The District should enforce its policies and procedures for collecting employee meal fees and documenting employee meals served.

District Response: The district has implemented a meal card system where employees purchase them in advance for their meals.

**Recommendation 3:**The District should ensure that its community meals program meets state statute.

District Response: The District will implement the recommendation. The District will follow state statute, that no reimbursement is received for any adult meals. No USDA foods (commodities) will be used to serve adult meals to 60 year olds and their spouses.

**Recommendation 4:**The District should ensure that it charges employees and community members meal prices that cover the cost of producing the meals.

District Response: The District will implement the recommendation. The food costs will be reduced by preparing nutritional but lower cost meals. As of 2014-2015 the cost per

meal will be reduced to \$3.29 and the cost per meal for all adults will be set at \$3.75 per meal.

**Recommendation 5:**The District should ensure that it follows proper procedures when disposing of surplus food.

District Response:The District will implement procedures as follows: Menus will be prepared to coordinate with food inventories so that there will be no surplus foods.

**Recommendation 6:**The District should ensure that it adequately oversees its food inventory to reduce disposal of surplus food.

District Response:The District will implement procedures that all food be used prior to becoming surplus foods.

**Finding 3:**District should strengthen controls over its transportation program

District Response:The District will implement.

**Recommendation 1:** The District should implement procedures to ensure that bus driver certification requirements are met and documented in accordance with the State's *Minimum Standards*.

District Response: The District will implement the recommendation. In progress.

**Recommendation 2:**The District should thoroughly review all automotive garage invoices to ensure they comply with negotiated prices and hourly rates and determine whether costs are appropriate before paying them.

District Response: The district has implemented the use of a form that the vendor completes prior to services. Vendor is responsible for giving the district a quote for the service of work. The district matches it up to the invoice before payment is made to the vendor.

**Other Findings 1:**District may be able to improve efficiency and lower costs through the use of cooperative agreements

District Response: The District will implement the recommendation. For the last 5 years, the district has been proactive in lowering cost through shared personnel such as teachers, paraprofessionals, transportation, cafeteria manager and extra-curricular activities.

**Recommendation:** The District should continue to look for ways to improve efficiency and lower costs, including the possibility of cooperatively providing services with other school districts or the County School Superintendent's Office.

District Response: The District will implement the recommendation. The district continues to share services with their peer district.