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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

September 4, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

Dear Representative Allen:

Our Office has recently completed an 18-month followup of the Ash Creek Elementary School District's implementation status for the 11 audit recommendations presented in the performance audit report released in March 2013. As the enclosed grid indicates:

- 7 recommendations have been implemented, and
- 4 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Ms. Sue Shepard, Superintendent
Governing Board
Ash Creek Elementary School District

ASH CREEK ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued March 2013

18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District working to address its high food service costs and poor procedures	
1. The District should continue to closely monitor its food service program to identify and implement additional cost-savings measures.	Implemented at 6 months
FINDING 2: Inadequate accounting and computer controls increased risk of errors and fraud	
1. The District should implement proper controls over its payroll and purchasing to ensure adequate separation of duties or alternatively establish an appropriate review process as a compensating control.	Implementation in process The District has implemented new payroll and purchasing review procedures as a compensating control, but needs to provide reviewers with sufficient documentation to help ensure the effectiveness of such reviews. Auditors will review this recommendation again at the 24-month followup.
2. The District should establish and implement procedures to review employee pay to help ensure that employees are paid correctly.	Implemented at 18 months
3. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.	Implemented at 18 months
4. The District should limit employee access to the accounting system so that one employee cannot complete transactions without independent review.	Implementation in process The District is continuing to review and modify user access to the accounting system, but auditors identified one employee who still has too much access to the system. Auditors will review this recommendation again at the 24-month followup.
5. The District should implement and enforce stronger password controls, requiring its employees to regularly change their passwords and require more complex passwords.	Implemented at 18 months
6. The District should establish a written agreement with the Cochise County School Superintendent's Office that outlines each party's responsibilities for its accounting system.	Implementation in process The District is working with the Cochise County School Superintendent's Office to establish a written agreement. Auditors will review this recommendation again at the 24-month followup.

Recommendation	Status/Additional Explanation
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7. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 18 months
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FINDING 3: Improvements needed for transportation program recordkeeping

1. The District should maintain its records supporting the reported number of eligible riders transported and actual miles driven as required by the Arizona State Library, Archives, and Public Records retention schedule.	Implemented at 6 months
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2. The District should ensure that pre-trip inspections and bus preventative maintenance are conducted and documented as specified in the <i>Minimum Standards</i> .	Implemented at 6 months
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OTHER FINDINGS: District may be able to improve efficiency and lower costs through the use of cooperative agreements

1. 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.	Implementation in process The District is in the process of determining services that may be cooperatively provided with other districts. Auditors will review this recommendation again at the 24-month followup.
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