



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

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

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

November 24, 2014

The Honorable John Allen, Chair  
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed an 18-month followup of the Bicentennial Union High School District's implementation status for the 25 audit recommendations presented in the performance audit report released in March 2013. As the enclosed grid indicates:

- 11 recommendations have been implemented;
- 12 recommendations are in the process of being implemented; and
- 2 recommendations have not been 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: Mr. Byron Maynes, Superintendent  
Governing Board  
Bicentennial Union High School District

# BICENTENNIAL UNION HIGH SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued March 2013

### 18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: Poor payroll and purchasing controls increase risk of errors and fraud</b>	
1. The District should ensure that it has current employment contracts with each of its employees that stipulate the terms of their employment with the District.	<b>Implemented at 6 months</b>
2. The District should ensure employees' contracts are based on Governing Board-approved salary schedules and policies.	<b>Implemented at 6 months</b>
3. The District should ensure that employee compensation is based on negotiated contracts and agreements prior to employees performing services.	<b>Implemented at 6 months</b>
4. The District should ensure that any additional compensation is for duties performed outside of an employee's regular contracted duties.	<b>Implemented at 6 months</b>
5. The District should require supervisors to thoroughly review time sheets and pay employees based on the number of hours actually worked.	<p><b>Implementation in process</b></p> <p>The District now requires supervisors to review hourly employees' time sheets. However, auditors reviewed five employees' time sheets and payroll records for two pay periods in fiscal year 2015 and noted that one time sheet did not have appropriate supervisory review. Additionally, because the District does not have an adequate process for tracking employee overtime, it failed to properly pay an employee's overtime balance prior to the employee's leaving the District. Auditors will review this recommendation again at the 24-month followup.</p>
6. The District should obtain Governing Board approval for its performance pay plan, retain documentation supporting performance payments, and ensure that payments made to eligible employees are consistent with its Governing Board-approved plan.	<b>Implemented at 6 months</b>

Recommendation	Status/Additional Explanation
7. 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 purchases are made, ensuring that goods and services are received before payments are made, and ensuring that all supporting documentation is retained.	<b>Implemented at 6 months</b>
8. To help ensure it receives the best price for goods and services, the District should follow the competitive procurement requirements in the <i>Uniform System of Financial Records for Arizona School Districts</i> when purchasing goods and services.	<b>Implemented at 18 months</b>
9. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p><b>Implementation in process</b></p> <p>Although the District has corrected many of the classification errors noted during the audit, auditors found that the District is still misclassifying some of these expenditures. Auditors will review this recommendation again at the 24-month followup.</p>

**FINDING 2: District lacks sufficient computer controls to adequately protect sensitive information**

1. The District should continue to review employee access to the accounting system and modify access to ensure that an employee cannot initiate and complete a transaction without an independent review.	<p><b>Not implemented</b></p> <p>The District has restricted access for one of two employees identified during the audit as having too much access within the accounting system; however, one business employee still has full access within the system. Granting employees full system access exposes the District to increased risk of errors and fraud because it provides an employee the ability to initiate and complete transactions without an independent review. According to district officials, they do not intend to reduce this employee's access to the accounting system.</p>
2. The District should require users to create network passwords and require users to change initially assigned passwords for all systems at first logon.	<p><b>Implementation in process</b></p> <p>The District's network now requires a password, and users are required to change their network passwords at first logon. However, the District has not implemented any requirement that users change their passwords for the student information system at first logon. District officials stated that they are reviewing their student information system to implement this recommendation. Auditors will review this recommendation again at the 24-month followup.</p>

Recommendation	Status/Additional Explanation
3. The District should implement and enforce password requirements related to password length, complexity, and expiration.	<p><b>Implementation in process</b>            The District has implemented password length and complexity requirements for its network but not for its student information system. Additionally, the District could not show that it had implemented password expiration requirements for any of its systems. Auditors will review this recommendation again at the 24-month followup.</p>
4. The District should install antivirus software on its computers and servers to safeguard its sensitive information and protect against costly damage or interruption.	<p><b>Implemented at 6 months</b></p>
5. The District should ensure that its servers and computers are using currently supported operating system software.	<p><b>Implemented at 6 months</b></p>
6. The District should develop and implement a formal process to ensure that terminated employees are promptly removed from its student information system.	<p><b>Implementation in process</b>            The District is in the process of developing formal procedures to ensure terminated employees' access to its student information system is promptly removed. Auditors will review this recommendation at the 24-month followup.</p>
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies. Additionally, backup tapes should be stored in a secure offsite location.	<p><b>Implementation in process</b>            The District has begun using a virtual backup system for all of its data and is in the process of completing a disaster recovery plan. Auditors will review the District's disaster recovery plan and any documented tests at the 24-month followup.</p>

**FINDING 3: District did not meet state transportation safety requirements and needs to strengthen controls in its transportation program**

1. The District should ensure that documentation pertaining to driver certifications is maintained and that drivers meet all requirements as specified in the State's <i>Minimum Standards for School Buses and School Bus Drivers</i> .	<p><b>Implementation in process</b>            The District now maintains a spreadsheet to track and monitor driver requirements, which contains dates indicating when various certification requirements were met. However, the District did not always maintain documentation to support these dates. For example, auditors found that one driver's file, from a sample of four, did not contain a current medical exam. The State's <i>Minimum Standards for School Buses and School Bus Drivers</i> requires districts to maintain such documentation on file for 2 years. Auditors will review this recommendation again at the 24-month followup.</p>
--	---

Recommendation	Status/Additional Explanation
----------------	-------------------------------

<p>2. The District should create and implement a preventative maintenance policy and ensure that documentation pertaining to bus preventative maintenance and repairs is maintained.</p>	<p><b>Implementation in process</b>  District officials stated that they perform preventative maintenance on district buses every 8,000 miles; however, the District has not formally documented this policy. Further, although the District now maintains documentation pertaining to bus preventative maintenance, three of the four buses auditors reviewed did not receive preventative maintenance within the District's 8,000-mile preventative maintenance schedule. The buses exceeded the 8,000-mile preventative maintenance schedule by 288, 2,847, and 7,005 miles, respectively. Auditors will review this recommendation again at the 24-month followup.</p>
--	--

<p>3. The District should evaluate and implement additional controls over its fuel inventory, restrict access to fuel pumps, and ensure proper accounting of all fuel use.</p>	<p><b>Implementation in process</b>  The District has improved controls over its fuel inventory by restricting access to its fuel pumps and requiring employees to record on logs the vehicle number, mileage, date, and amount of fuel pumped. The transportation supervisor is also reviewing and approving the logs. However, the District has not yet implemented a process to review its fuel inventory levels for appropriateness. Auditors will review this recommendation again at the 24-month followup.</p>
--	---

**FINDING 4: Improved oversight of food service program needed to reduce \$26,000 shortfall**

<p>1. The District should prepare accurate food production records and use these records to minimize waste from excess food production.</p>	<p><b>Implementation in process</b>  Districts like Bicentennial UHSD that participate in the National School Lunch Program are required to complete food production records showing detailed meal information such as menu items, serving sizes, the number of meals planned and served, and any leftovers. Auditors requested a sample of food production records from six different days since the last followup and found that for five days, food production records were incomplete and missing key information, such as number of meals prepared, meals served, and leftover food. Auditors also noted that during one of the six days, the District did not prepare any food production records. Auditors will review this recommendation again at the 24-month followup.</p>
---	---

Recommendation	Status/Additional Explanation
<p>2. The District should consider additional food production controls, such as having classroom teachers submit expected lunch counts, to help reduce overproduction and waste.</p>	<p><b>Implementation in process</b>            During the 6-month followup, the District's food services supervisor was receiving daily student counts to plan the number of meals to prepare accordingly. However, according to district officials, the District has since revised its process, and the food services supervisor now prepares meals based on the prior month's average attendance. However, this process is not adequate to minimize meal overproduction and waste. In fact, auditors noted that the District had prepared many more meals than needed during at least one of the six days reviewed above. Auditors will review this recommendation again at the 24-month followup.</p>
<p>3. The District should move its point-of-sale system and cashier to a more appropriate location for recording meals and improve its process to ensure that it accurately counts and charges for meals served.</p>	<p><b>Implemented at 6 months</b></p>
<p>4. The District should enforce its Governing Board-approved policy regarding the maximum meal credit balances that students can accrue and not allow staff to accrue balances.</p>	<p><b>Implementation in process</b>            In fiscal year 2013, the District decided to participate in a special provision of the National School Lunch Program, which provides free meals to all district students. As a result, students no longer accrue balances. However, the District continues to allow staff to accrue balances in violation of its own Governing-Board-approved policy and the <i>Uniform System of Financial Records for Arizona School Districts</i>. District officials indicated that they plan to better enforce the policy going forward. Auditors will review this recommendation again at the 24-month followup.</p>
<p>5. The District should ensure that food service employees pay for their meals or that their contracts indicate that they are provided meals free of charge as part of their compensation.</p>	<p><b>Implemented at 6 months</b></p>
<p><b>OTHER FINDINGS: District may be able to improve efficiency and lower costs through use of cooperative agreements</b></p>	
<p>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.</p>	<p><b>Not implemented</b>            Two separate elementary school districts have schools located near Bicentennial UHSD, one within 1 mile of Bicentennial UHSD's high school. According to district officials, years ago, the districts shared employees in maintenance, food service, and the business office, but they did not feel it was beneficial to continue this practice, and therefore, the District did not plan to pursue additional opportunities in the future.</p>