STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

November 13, 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 Chino Valley Unified School District's implementation status for the 12 audit recommendations presented in the performance audit report released in June 2013. As the enclosed grid indicates:

- 9 recommendations have been implemented, and
- 3 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: Mr. Duane Howard, Superintendent
Governing Board
Chino Valley Unified School District

2910 NORTH 44th STREET • SUITE 410 • PHOENIX, ARIZONA 85018 • (602) 553-0333 • FAX (602) 553-0051

CHINO VALLEY UNIFIED SCHOOL DISTRICT
Auditor General Performance Audit Report Issued June 2013
18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District had slightly higher administrative costs and lacks sufficient computer controls to adequately protect sensitive information	
1. The District should review its administrative staffing levels and determine if they can be modified to produce cost savings.	**Implemented at 6 months** As reported in the 6-month followup, the District reduced its administrative costs at that time by over $262,000 by eliminating four administrative positions.
2. 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.	**Implemented at 6 months**
3. The District should review and reduce the number of users with administrator-level access to its network and student information system.	**Implementation in process** The District has begun reducing the number of users with administrative-level access to its network and student information system. However, auditors identified three employees who still have inappropriate administrator-level access to the District's network and five employees who still have inappropriate administrator-level access to its student information system. Auditors will review this recommendation again at the 24-month followup.
4. When granting employees the ability to access its computer network and systems remotely, the District should ensure that each employee uses a unique username and password. In addition, the District should maintain documentation of all employees who can access the District's computer network and systems remotely.	**Implemented at 6 months**
5. The District should establish and implement policies and procedures for monitoring and reviewing users' activities on critical systems.	**Implementation in process** The District has created formal policies and procedures for monitoring and reviewing access. However, the District has not yet begun implementing the procedures to monitor its systems. Auditors will review this recommendation again at the 24-month followup.

Recommendation	Status/Additional Explanation
6. In addition to its recent implementation of password requirements related to length and complexity, the District should ensure that passwords are known only to the employees who create them by requiring employees to change their passwords immediately after they are initially assigned. Further, employees should be required to change their passwords every 90 days.	**Implemented at 6 months**
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	**Implementation in process** The District has developed a disaster recovery plan. However, the District is still working on creating testing procedures and ensuring that the plan includes all necessary elements. Auditors will review this recommendation again at the 24-month followup.
FINDING 2: District needs to strengthen controls over fuel cards	
1. The District should better track fuel card assignments by maintaining accurate, up-to-date logs.	**Implemented at 6 months**
2. The District should ensure that each employee assigned a fuel card has a confidential PIN and that PINs are no longer written on the fuel card holder envelopes.	**Implemented at 6 months**
3. The District should work with its fuel vendor to ensure the vendor's billing statements identify each district vehicle fueled.	**Implemented at 6 months**
4. The District should strengthen its controls and oversight over fuel card purchases, including reconciling fuel receipts to the billing statements, investigating unusual purchases as soon as possible, and reviewing purchases for reasonableness.	**Implemented at 6 months**
OTHER FINDINGS: District did not accurately report costs	
1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	**Implemented at 18 months**