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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

August 6, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

Dear Representative Allen:

Our Office has recently completed a 6-month followup of the Paradise Valley Unified School District's implementation status for the 13 audit recommendations presented in the performance audit report released in October 2013. As the enclosed grid indicates:

- 6 recommendations have been implemented, and
- 7 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: Dr. James Lee, Superintendent
Governing Board
Paradise Valley Unified School District

PARADISE VALLEY UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued October 2013

6-Month Follow-Up Report

Recommendation	Status/Additional Explanation
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FINDING 1: District’s solar power system contracts unlikely to meet cost-saving expectations, but District has acted to recover estimated financial losses

<p>1. The District should continue to monitor its solar power production and electricity usage and costs to help ensure any financial losses are minimized and that the amounts in the escrow accounts are adequate to cover actual losses.</p>	<p>Implementation in process The District has begun to closely monitor its electricity costs, usage, and solar power production, and has taken some actions to minimize losses from its solar power systems. However, the District has not yet analyzed its actual savings or losses resulting from the solar power systems. Auditors will review this recommendation again at the 12-month followup.</p>
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<p>2. The District should regularly review its electric utility’s rate plan options, especially for the District’s sites with solar power systems, to determine if the District is on the best rate plan available for each site’s specific conditions.</p>	<p>Implemented at 6 months The District has begun reviewing the rate plans and electricity usage on its meters and moving meters to different rate plans when it is beneficial to the District. The District has estimated annual savings of up to \$25,000 per meter for some of these changes.</p>
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FINDING 2: District should continue to review options to address excess building capacity

<p>1. In light of the District’s continued decline in student enrollment and excess building capacity even after closing two schools, the District should continue to evaluate how it can reduce its excess building space.</p>	<p>Implementation in process The District is continuing to monitor its excess capacity, and district officials stated that they consider the excess space in long-term planning, but the District has no current plans for reducing its excess building capacity. As reported in the audit, the District was operating at 75 percent of its buildings’ designed capacities on average, with ten of its schools operating at less than 60 percent of capacity. Further, the District has continued to see reductions in student enrollment, losing over 700 students since the year of the audit. Auditors will review the status of this recommendation again during future followups.</p>
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Recommendation**Status/Additional Explanation****FINDING 3: District needs to strengthen controls over computer systems**

1. The District should improve password controls and require users to immediately change assigned passwords and then again periodically.	Implementation in process The District improved password requirements on some of its systems and is reviewing options to improve requirements on other systems. The District is also working on a long-term solution that will allow it to better manage and control passwords for its various systems. Auditors will review the District's progress at the 12-month followup.
2. The District should enforce its policies to ensure that terminated employees have their IT system access promptly removed.	Implementation in process The District implemented a new process to help ensure that terminated employees' IT system access is promptly removed. However, auditors identified several terminated employees' accounts that were still active. The District plans to review its process again, and auditors will review this recommendation again at the 12-month followup.
3. The District should reduce its number of users with high-level access to its critical systems.	Implementation in process The District has begun reducing the number of users with high-level access to its critical systems, but is still in the process of reviewing and evaluating some users. Auditors will review this recommendation again during the 12-month followup.
4. The District should conduct a more thorough cost-benefit analysis and risk assessment for using on-line computing and storage services for sensitive information to evaluate the costs and risks of using these services.	Implementation in process The District is in the process of developing a procedure to evaluate costs and risks associated with on-line computing and storage services for sensitive information. Auditors will review this recommendation again during the 12-month followup.
5. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	Implementation in process The District is in the process of developing a formal disaster recovery plan and testing procedures. Auditors will review this recommendation again during the 12-month followup.

FINDING 4: Some Classroom Site Fund monies spent inappropriately or without adequate support

1. The District should ensure that it properly documents all requirements for eligible employees to receive CSF monies in its Governing Board-approved performance pay plan.	Implemented at 6 months
2. The District should ensure that it pays CSF monies in accordance with its Governing Board-approved performance pay plan.	Implemented at 6 months

Recommendation	Status/Additional Explanation
3. The District should ensure that it retains adequate documentation for the required time period to demonstrate that performance pay goals were met.	Implemented at 6 months
4. The District should ensure that only eligible employees receive CSF monies.	Implemented at 6 months
OTHER FINDINGS: Student transportation mileage misreported	
1. The District should accurately calculate and report miles driven for state funding purposes.	Implemented at 6 months