



## PIÑON UNIFIED SCHOOL DISTRICT #4

---

P.O. BOX 839      1 Mile North of Pinon      - Navajo Route 41  
Pinon, Arizona 86510

November 29, 2017

State of Arizona  
Office of the Auditor General  
Division of School Audits  
Ms. Ann Orrico  
2910N 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Re: Pinon Unified School District Performance Audit

Dear Ms. Orrico:

Pinon Unified School District #4 has received and reviewed the Preliminary Draft Performance Audit for Fiscal Year 2015. On behalf of the Governing Board and the staff of Pinon Unified, I would like to commend the Auditor General staff that worked with us on the audit and your assistance in responding to the audit findings. The audit process and the written findings provide a vehicle to improve our efficiency, procedures, record keeping and overall performance moving forward. The District will work to ensure that all findings and recommendations are addressed and resolved in a timely manner. The district response to each of the findings is enclosed with this letter.

If you have any questions or concerns, please do not hesitate to contact me at (928) 380-2711.

Sincerely,

Chris Ostgaard  
Superintendent PUSD #4

Cc:      Camilla Hosteen, PUSD Director of Federal Projects  
         Jonathan Allen, PUSD Business Manager  
         Bernice Shone, PUSD Assistant Business Manager

**Finding 1:** District had higher administrative costs and lacked adequate credit card and computer controls

District Response: PUSD agrees with the findings as presented.

**Recommendation 1:** The District should review its administrative positions and related duties and salaries and determine and implement ways to reduce administrative costs.

District Response: PUSD agrees with the recommendation and will review administrative positions and salaries. PUSD has more administrative positions because our rural location means that we have to handle issues in-house, we do not have the support services available in our community or within a reasonable driving distance compared to peer districts in southern Arizona. Higher salaries are being paid to recruit and retain administrative staff in the district. The PUSD has reduced the number of administrative positions for SY 2017-2018 and will continue to look for areas that can be reduced for SY 2018-2019.

**Recommendation 2:** The District should ensure that it requires an independent review and approval for all its credit card purchases prior to the purchases being made.

District Response: PUSD agrees with the recommendation. The district credit cards are used primarily for student and staff travel. There were instances where the card was used for deposits on travel or a requisition and travel packet was in place but the purchase order had not yet been generated. The district has reviewed purchasing procedures with credit cards and trained staff on the proper timeline and procedure for credit card purchases.

**Recommendation 3:** The District should implement and enforce stronger password requirements related to password length, complexity, and expiration and not maintain any lists containing users' passwords.

District Response: PUSD agrees with the recommendation. The district has changed all passwords for PowerSchool (student management system). The district is currently reviewing password controls and designing a system that will force staff to change passwords every 60-90 days for the network and all computer based programs.

**Recommendation 4:** The District should limit employees' access in the accounting system to only those accounting system functions needed to perform their work.

District Response: PUSD agrees with the recommendation. The District will review job duties and functions and ensure that employees are attached to the correct job function groups.

**Recommendation 5:** The District should review and reduce the number of users with administrator-level access to its computer network and systems.

District Response: PUSD agrees with the recommendation. The District will review job duties and functions and ensure that employees are attached to the correct job function groups.

**Recommendation 6:** The District should develop and implement a formal process to ensure that terminated employees have their computer network and systems access promptly removed.

District Response: PUSD agrees with the recommendation. The District currently does inactivate employees when their employment with the District ends. The District will implement a formal process to remove or archive employee accounts when they leave employment.

**Recommendation 7:** The District should implement a more secure, up-to-date wireless network encryption technology.

District Response: PUSD agrees with the recommendation and is currently taking steps to update the wireless system.

**Recommendation 8:** The District should create a formal IT contingency plan and test it periodically to identify and remedy deficiencies.

District Response: PUSD agrees with the recommendation and is currently taking steps to develop a written contingency plan.

**Recommendation 9:** The District should store backup drives in a secure location, separate from its server.

District Response: PUSD agrees with the recommendation. The District is in the process of installing hardware and software to setup a backup and replication system away from the main server room.

**Finding 2:** District's excess building space and higher staffing resulted in higher costs

District Response: PUSD partially agrees with the finding.

**Recommendation 1:** The District should review the use of space at its schools and determine and implement ways to reduce identified excess space.

District Response: PUSD partially agrees with the recommendation. We cannot reduce or control the square footage of existing facilities. We now close areas that are not being used as instructional space and do not provide heating/cooling or custodial services to those areas. The community is also very limited in facilities and available space for events and we do rent facilities to those agencies or individuals upon request to cover some of the costs. We are currently reviewing staffing and building utilization to determine the most effective and efficient use of facilities.

**Recommendation 2:** The District should review its plant operations custodial staffing levels and determine and implement ways to reduce plant operations costs.

District Response: PUSD partially agrees with the recommendation. We do have more custodians per square foot than our peer districts but our custodians also assist with preventative maintenance in our facilities. Our rural location means that we pay a higher

cost to outside vendors or contractors to come in and provide those services. We are currently working to train our staff to provide those services ourselves without having to go outside our District.

**Finding 3:** District had high transportation program costs and needs to improve oversight

District Response: PUSD partially agrees with the finding.

**Recommendation 1:** The District should review its transportation employee salary and benefit costs and determine and implement ways to reduce transportation costs, including looking for ways to reduce bus driver nonproductive time, such as finding other duties for these individuals to perform when they are not driving buses. In addition, the District should also look for ways to reduce overtime, such as staggering bus drivers' schedules so that drivers performing early-morning routes do not also perform late-afternoon routes or using a combination of full-time and part-time bus drivers to complete daily routes.

District Response: PUSD partially agrees with the recommendation. The District does have other job duties for all transportation employees when they are not driving a route. We are developing a better system of tracking hours for bus driving and additional non-driving time through dispositions and/or a time and effort log, and tracking hours accurately by using TimeClockPlus. The District bus routes are approximately 96% unpaved roads that do not compare with our peer group mileage. A 40-mile bus route on an unpaved road is very different from a 40-mile bus route on a paved road. Overtime costs result from having longer than optimum bus routes and at times extremely muddy roads due to adverse weather. PUSD will study current bus routes and staffing patterns to determine how to maximize staff time and mileage costs.

**Recommendation 2:** The District should develop and follow a formal preventative maintenance policy that meets the State's Minimum Standards and includes the maximum number of miles and the maximum amount of time a bus can travel before it receives preventative maintenance services. Additionally, the District should ensure that it conducts bus preventative maintenance in a systematic and timely manner and documents it in accordance with its formal policy.

District Response: PUSD agrees with this recommendation. The District is currently redesigning the preventative maintenance program for all busses and other district vehicles through the Service Finder Program. Staff from our Business Office and Transportation Department are visiting other successful transportation departments in our area to look at ways to improve our department operations.