



Red Mesa Unified School District #27

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Mr. Kim Pearce - Superintendent - kpearce@rmUSD.net

January 11, 2018

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

RE: Red Mesa School District Performance Audit

Dear Ms. Orrico:

Red Mesa Unified School District #27 has received and reviewed the Preliminary Draft Performance Audit for Fiscal Year 2015. On behalf of the Governing Board and the staff of Red Mesa Unified, I would like to commend the Auditor General staff that worked with us on the audit and assistance with responses 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) 656-4108.

Sincerely,

Kim J. Pearce
Superintendent

Cc: Henrietta Keyannie, Chief Financial Officer

Governing Board

Ernest Harry Begay
Board President

Sarah Lee
Board Vice President

Timothy Benally
Board Member

Martha Saggboy
Board Member

Minnie John
Board Member

Finding 1: District had much higher administrative costs and lacked adequate accounting and computer controls

District Response: Red Mesa Unified School District (RMUSD) agrees with the finding and all the recommendations. The Administrative Team has been working to achieve efficiency in its overall operations over the last few years.

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

District Response: The District has eliminated several administrative positions in recent years. One satellite school now has a lead teacher as opposed to a full time principal. Another satellite school shares a principal with a school on main campus. A support services director position was eliminated as well. The supervision for the support services departments are now lead positions as opposed to director positions. The effort continues to reduce administrative costs wherever possible.

Recommendation 2: The District should ensure that terminated employees are removed from the payroll system in a timely manner to prevent inappropriate payments.

District Response: The District now inactivates the terminated employee in the system after the final payroll is paid to the employee. The employee remains in inactive status for two (2) years, then archived.

Recommendation 3: The District should seek legal counsel to determine whether overpayments made to the terminated employee should be recovered.

District Response: A letter was sent to the individual but they did not attempt to reimburse the District. Legal Counsel for the District advised that an attempt to pursue legal action would be more costly in legal fees than what was owed. There are safeguards in place now to prevent overpayments from occurring. School/department secretaries are required to report staff absences timely.

Recommendation 4: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: The District has implemented Purchasing Procedures in accordance with the Uniform System of Financial Records, the Arizona Administrative Code and The Uniform Chart of Accounts. The account codes are reviewed and verified that they are accurate and in accordance with the Uniform Chart of Accounts.

Recommendation 5: 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: There were changes made in the Active Directory to implement stronger passwords. Users are prompted periodically to change their passwords, which now require more complexity. Password lists are not being maintained.

Recommendation 6: The District should limit employees' access in the accounting system to only those accounting system functions needed to perform their work.

District Response: There were changes made to the user roles for positions to limit access only to menu items required of the position in the accounting system. So when an employee is assigned the user role, they only access what is necessary for the position role.

Recommendation 7: The District should review and reduce the number of users with administrator-level access to its computer network and systems.

District Response: There were changes made to limit the administrator-level access to the computer network and systems. Administrator-level access is now limited to the two (2) Technology Technicians at the District and two (2) Apache County Technology Technicians who assist the district with the server/network support.

Recommendation 8: 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: The Human Resources Department now notifies the Technology Department of the termination of employees via email. The IT staff then remove all access to systems for the employee.

Recommendation 9: The District should ensure that its network-connected servers have currently supported operating systems installed or reduce the risk of computer-related attacks by limiting their use and/or remove the network access to these servers.

District Response: The older servers that were running 2003 server edition operating systems have been removed from the network. They were replaced with host servers and virtual servers with newer operating systems.

Recommendation 10: The District should implement a more secure, up-to-date wireless network encryption technology.

District Response: New, more secure wireless access points are currently being installed. The upgrades started with the school buildings and will be completed with all the other buildings by March, 2018.

Recommendation 11: The District should review its contingency plan to ensure it is complete and test it periodically to identify and remedy any deficiencies. Additionally, the District should store backup drives in a secure location, separate from its server.

District Response: The contingency plan has been reviewed and tested with assistance from the Apache County Technology Technicians when new servers were setup for the Accounting data. The backup data is now stored at a separate building.

Finding 2: Much higher plant costs due to excess space, high energy costs, and higher staffing

District Response: RMUSD agrees with the finding and all the recommendations. The District has experienced declining student enrollment over the last several years. The decline has resulted in unused classroom space in the school buildings. Due to the construction of the facilities, it is not always a matter of turning off utilities to portions of buildings. The District is in the process of evaluating the best course of action to reduce plant costs.

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

District Response: The district hired a consultant to do assessments, evaluations and construct a capital improvement plan to support facilities. The best solution is being explored to possibly consolidate schools and close down unused areas or even the whole building if feasible.

Recommendation 2: To help reduce its energy costs, the District should monitor its energy usage and develop and implement a comprehensive energy conservation plan that identifies ways to lower energy usage at each of its schools based on each school's specific facilities and equipment.

District Response: An improvement plan is being implemented to support weatherizing buildings and upgrading operational systems to more efficient systems.

Recommendation 3: The District should review its plant operations maintenance and security positions and determine and implement ways to reduce plant operations costs.

District Response: The District is in the process of restructuring the organization to align staffing with the declining student enrollment. This will address the staffing in the plant operations as well as other support departments. The cross training of maintenance personnel has been implemented to minimize the need for contractors' services.

Other Finding 1: District did not always perform bus preventative maintenance in a timely manner

District Response: RMUSD agrees with the finding and the recommendation. The District has developed processes and procedures to improve bus preventive maintenance.

Recommendation 1: The District should develop a formal preventative maintenance policy and schedule, including the specific procedures to be performed during preventative maintenance services, and ensure that bus preventative maintenance is conducted in a systematic and timely manner in accordance with its policy and the State's *Minimum Standards*.

District Response: The District developed and implemented a preventive maintenance procedure and schedule. Each bus has a dedicated binder which contains forms and logs of the dates and types of services performed. The mechanics maintain the logs and sign that the services were completed. The buses are inspected annually by AZ DPS.

Other Finding 2: District did not follow all requirements for its English Language Learner program

District Response: RMUSD agrees with the finding and the recommendation. The District has developed and implementing the English Language Learner Program.

Recommendation 1: The District should ensure that it submits and follows an approved corrective action plan that corrects all deficiencies in its ELL program.

District Response: The Corrective Action Plan for the ELL Program has been submitted to Arizona Department of Education. An employee has been designated as the Red Mesa District AZELLA test coordinator and this person has been testing new enrollees within the requirement of 2 weeks. The Test Coordinator is working on sending parent letters and reports within the designated time requirements for AZELLA letters and information. The principals are working with teachers to collaborate with the Test Coordinator to begin writing ILLPs for their students who are identified as ELLs.