



August 5, 2016

State of Arizona
Office of the Auditor General
Ms. Debra Davenport
2910 N 44th Street, Suite 410
Phoenix, AZ 85018

Re: Page Unified School District Performance Audit

Dear Ms. Davenport:

Page Unified School District #8 has received and reviewed the Preliminary Draft Performance Audit for Fiscal Year 2014. Page would like to extend its appreciation to your staff for their professionalism and patience throughout this process.

The information shared throughout the process has provided Page with an opportunity to continue to refine its procedures and make improvements toward continued efficiency, compliance and transparency. The District will continue to strive toward compliance in all areas and will comply with the recommendations as noted in the District's response, which is enclosed.

If you have any questions or concerns, please do not hesitate to contact me the number below.

Sincerely,

Robert Varner
Superintendent

cc: Nina Garland, PUSD Business Manager

Governing Board

Robert Candelaria
President

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Clerk

Sandra K. Kidman
Member

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Member

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Robert Varner, Superintendent ♦ Page Unified School District #8
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Finding 1: District needs to strengthen controls over computer network and systems

District Response: The District supports strengthening controls over computer networks and systems.

Recommendation 1: The District should limit employees' access to only those accounting system functions needed to perform their job responsibilities.

District Response: The District has reviewed individual accounting access and has limited each person's access according to their job duties

Recommendation 2: The District should review and eliminate unnecessary accounts with administrator-level access to its student information system.

District Response: The District agrees that a limited number of administrator-level accounts should be maintained. The District has reviewed all administrator-level access and has eliminated all unnecessary accounts and limited access to two.

Recommendation 3: The District should implement stronger password requirements related to password length, complexity, and expiration.

District Response: The District agrees with this recommendation and new password policies are now in place and are being enforced.

Recommendation 4: The District should develop and implement a formal process to ensure that terminated employees have their system access promptly removed.

District Response: The district concurs with this recommendation and has implemented a new process between HR and IT. HR now sends term tech pars to IT so the IT Department can remove all access for those that have left employment.

Recommendation 5: The District should create a formal IT contingency plan and test it periodically to identify and remedy any deficiencies.

District Response: The District already completes weekly testing of all backup systems. The District is assessing the current IT infrastructure and is working to develop plans to address those areas of risk. The development and implementation of a comprehensive disaster recovery plan will be completed by staff.

Finding 2: Insufficient district oversight of vendor may have led to high food service costs

District Response: The District believes that there is sufficient oversight of the food service company. The Business Manager and Vendor Manager meet at a minimum bi-weekly to go over all costs and expenditures of the program.

Recommendation: The District should consider rebidding its food service contract to obtain a contract based on cost per meal rather than cost reimbursement. If the District continues to use a cost-reimbursement contract for its food service program, it should work with its

vendor to monitor food service operations and costs, including monitoring staffing levels and meal production, throughout the fiscal year to help ensure operations are efficient.

District Response: Since the completion of this audit, the District went back out to bid for food service. While two food service vendors came to the walk-through during the bid process, only one vendor chose to submit a bid because of our remote location. The District will continue to monitor labor and other efficiencies within the program and meet with the vendor to go over expenditures on a regular basis. Since the audit, the vendor has reduced two labor positions, and one manager position in order to reduce labor costs. The District will also continue to meet with the vendor in order to try to reduce over production of meals without jeopardizing serving options for all students.

Finding 3: District should improve controls over its transportation program

District Response: The District believes that the transportation program operates at a high level of efficiency but agrees that controls over the program need to be improved.

Recommendation 1: The District should accurately calculate and report to the Arizona Department of Education the riders transported for state funding purposes.

District Response: The District agrees with this recommendation and has already implemented changes to accurately report the riders transported.

Recommendation 2: The District should maintain its records supporting the reported number of riders transported as required by the Arizona State Library, Archives, and Public Records retention schedule.

District Response: The District agrees it should maintain its records supporting the reported number of riders transported and has already taken measures to store this information.

Recommendation 3: The District should strengthen its controls over fuel inventory including performing reasonableness tests and investigating any irregularities identified to help ensure appropriate fuel use.

District Response: The District concurs that reasonableness tests need to be performed to identify any irregularities in order to help ensure appropriate use of fuel. The District looks at records and has a tracking system in place. All cards are locked up in the building and must be checked out with the Administrative Assistant.

Recommendation 4: The District should work with its fuel card vendor to ensure the vendor's billing statements identify the employee purchasing fuel and the odometer reading at the time of purchase.

District Response: While the District does not track the employee purchasing fuel through the fuel card vendor, the District does have in place a check out system with detail information as to where the employee is going, why, how long, and beginning and ending mileage as well as fuel receipts with mileage at time of fueling on the vehicle so charges on the fuel cards can be matched to employees for tracking purposes. We

understand the policy was not being enforced, so the District has reminded all employees of this policy. The transportation department will check receipts as they come in for compliance and will review the appropriateness of purchases being billed before payment is made. If there are unusual purchases, transportation can review and investigate these purchases before billing statements are paid.

Recommendation 5: The District should strengthen its controls and oversight over fuel card purchases, including investigating unusual purchases as soon as possible and reviewing purchases for reasonableness.

District Response: The District agrees that unusual purchases should be reviewed as soon as possible for reasonableness and will comply with this request.

Recommendation 6: The District should evaluate the continued use of its 15-passenger vans for student transportation because of safety concerns.

District Response: The District believes in providing a safe environment for all students and staff. The District will continue to use the vans they currently have for athletic/extra curricular travel, but will look at other, safer options in the future before replacing these vans with like vehicles.

Other Findings: District did not accurately report its costs

District Response: The District concurs that during the transition of Business Managers, many of the codes were not being properly monitored during the purchase process.

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

District Response: The District has implemented new training for staff as well as updated codes in the accounting system to reflect current USFR charts of accounts. The District looks at coding on all requisitions to ensure proper classification before purchasing. The District will continue to monitor coding on all transactions.