

Show Low Unified School District

CONCLUSION: In fiscal year 2015, Show Low Unified School District's student achievement was slightly higher than peer districts', and the District operated efficiently overall. Show Low USD's administrative cost per pupil was lower than the peer districts' average because it employed fewer administrative staff and paid some of its administrative employees less than the peer districts, on average. However, the District needs to strengthen some of its computer and accounting controls. The District's plant operations were efficient, with costs that were lower per square foot and per pupil, and its food service program was self-sufficient, operating with a cost per meal that was similar to the peer district average. Further, the District's transportation program was efficient, with a similar cost per mile when compared to the peer districts' average.

Slightly higher student achievement and efficient operations overall

Student achievement slightly higher than peer districts'—In fiscal year 2015, Show Low USD's student scores were similar to peer district's averages for math, slightly higher for English language arts, and much higher for science. Additionally, the District's 84 percent graduation rate in fiscal year 2014 was similar to the peer districts' 80 percent average and slightly higher than the State's 76 percent average.

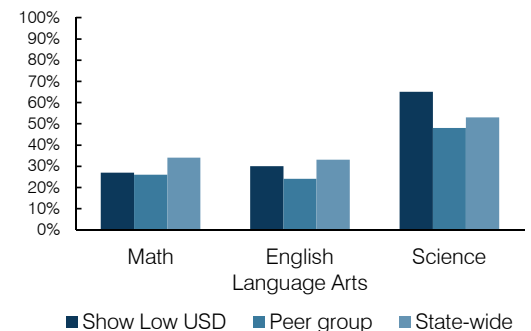
Efficient operations overall—In fiscal year 2015, Show Low USD operated efficiently overall, with costs that were similar to or lower than peer districts' averages. The District's administrative cost per pupil was lower because it employed fewer administrative staff and paid some of its administrative employees less than the peer districts, on average. Show Low USD's plant operations were efficient, with costs that were lower per square foot and per pupil. In addition, the District's food service program was self-sufficient, operating with a cost per meal that was similar to the peer district average. Further, the District's transportation program was efficient, with a similar cost per mile when compared to the peer districts' average.

District should strengthen computer and accounting controls

In fiscal year 2016, Show Low USD lacked adequate controls over its computer network and systems. Although no improper transactions were detected in the items we reviewed, improvements are necessary to help prevent errors and fraud, protect sensitive information, and ensure continuity of operations in the case of a system or equipment failure or interruption. Additionally, the District did not accurately report its costs on its fiscal year 2015 *Annual Financial Report*. More specifically:

- **Weak password requirements**—The District did not have strong password requirements for its computer network and accounting and student information systems. Common guidelines for strong passwords recommend that passwords be at least eight characters in length; contain a combination of lowercase and uppercase alphabetic characters, numbers, and symbols if permitted by the system; and be changed periodically. However, the District did not require that network and systems passwords met these requirements.

Percentage of students who met or exceeded state standards Fiscal year 2015



Comparison of per pupil expenditures by operational area Fiscal year 2015

	Show Low USD	Peer group average
Administration	\$683	\$ 798
Plant operations	909	1,045
Food service	356	419
Transportation	387	411

- **Broad access to accounting system**—We reviewed the District’s user access report for 12 of the 16 accounting system users and found that two of the employees reviewed had more access to the accounting system than they needed to perform their job duties. One was a business office employee who had full access to the accounting system, giving this employee the ability to perform all accounting system functions. Such broad access exposed the District to an increased risk of errors and fraud, such as processing false invoices or adding and paying nonexistent vendors or employees.
- **Inadequate procedures for removing access to the network and student information system**—We found one network user account and five student information system user accounts that were linked to employees who no longer worked for the District, including one employee who had not worked for the District for over a year.
- **Generic network accounts**—We found 12 network user accounts that were not assigned to specific users, making it difficult or impossible for the District to hold anyone accountable if inappropriate activity occurred while using these accounts.
- **Outdated and unsupported operating systems**—Two of the District’s network-connected servers and 99 of its network-connected computers were using outdated and unsupported operating systems. The use of outdated and unsupported operating systems could compromise the District’s computer network and its sensitive information. Outdated and unsupported operating systems are at higher risk of computer-related attacks because the manufacturers no longer provide fixes for vulnerabilities discovered in the systems.
- **Incomplete contingency plan**—Although the District has a contingency plan, it is missing some key components. For example, the plan did not contain important information regarding the recovery of critical systems, testing the plan, or contact information for staff with responsibilities during system or equipment failure or interruption. A comprehensive contingency plan would help ensure continued operations in the case of a system or equipment failure or interruption. Additionally, contingency plans should be tested periodically and modifications made to correct any problems and to ensure their effectiveness.
- **Costs not accurately reported**—In fiscal year 2015, Show Low USD did not consistently classify its expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its *Annual Financial Report* did not accurately reflect its costs. We found classification errors totaling \$448,000 of the District’s total \$16.1 million in operational spending.

Recommendations

The District should:

- Implement and enforce stronger password requirements.
- Limit employees’ access to only those accounting system functions needed to perform their job responsibilities.
- Ensure that terminated employees have their system access promptly removed.
- Eliminate unnecessary generic network accounts and properly control any remaining generic accounts.
- Ensure that network-connected servers and computers have currently supported operating systems installed or reduce risk by limiting their use and/or removing network access to them.
- Ensure its formal IT contingency plan is complete and test it periodically.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.