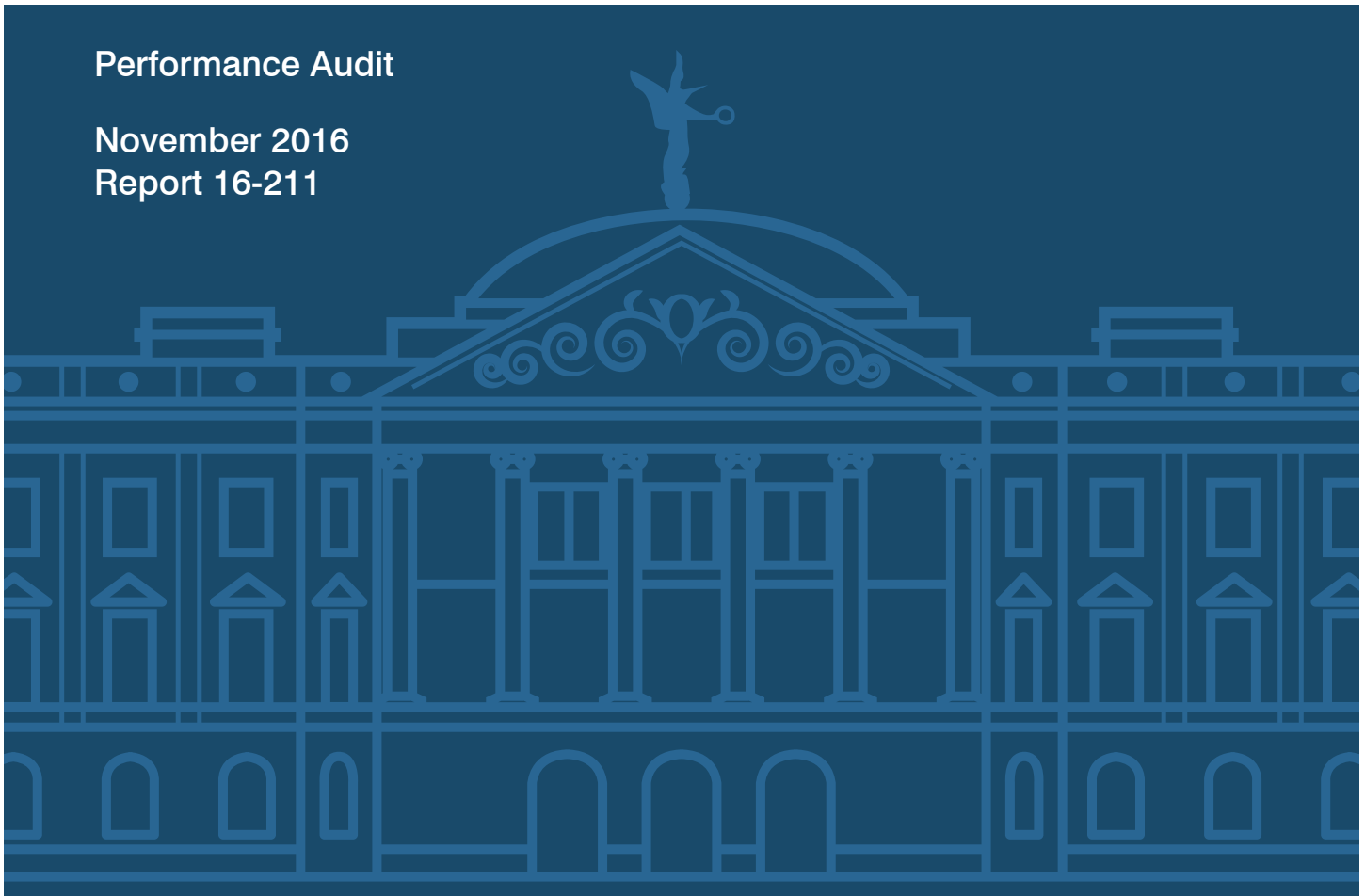


Show Low Unified School District

Performance Audit

November 2016

Report 16-211



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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AUDITOR GENERAL

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AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

November 15, 2016

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board
Show Low Unified School District

Mr. Shad Housley, Superintendent
Show Low Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Show Low Unified School District*, conducted pursuant to A.R.S. §41-1279.03. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with all of the findings and recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Debbie Davenport
Auditor General



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.

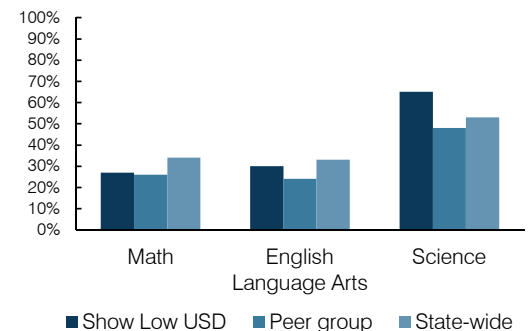
Efficient operations overall—In fiscal year 2015, Show Low USD operated efficiently overall, with costs that were similar to or lower than peer districts' averages. The District's administrative cost per pupil was lower because it employed fewer administrative staff and paid some of its administrative 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.



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DISTRICT OVERVIEW

Show Low Unified School District is a rural district located in southern Navajo County. In fiscal year 2015, the District served 2,354 students in kindergarten through 12th grade at its five schools.

In fiscal year 2015, Show Low USD's student achievement was slightly higher than peer districts', and the District operated efficiently overall, with costs that were similar to or lower than peer districts' averages.¹ The District's administrative cost per pupil was lower than the peer districts' average, and its plant operations and food service program were efficient. Further, the District's transportation program was efficient, with a similar per mile cost when compared to the peer districts' average. However, the District should strengthen some of its computer and accounting controls and ensure it accurately reports its number of students transported for state funding purposes.

Student achievement slightly higher than peer districts'

In fiscal year 2015, 27 percent of the District's students met or exceeded state standards in math, 30 percent in English language arts, and 65 percent in science. As shown in Figure 1, these scores were similar to peer districts' averages for math, slightly higher for English language arts, and much higher for science. 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.

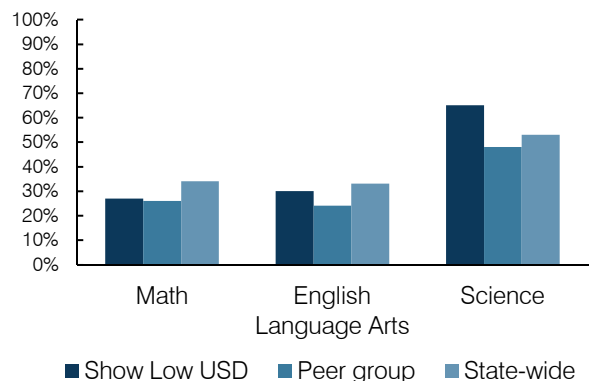
District operated efficiently overall, but can make some improvements

As shown in Table 1 on page 2, in fiscal year 2015, Show Low USD's per pupil costs were lower than peer districts' average costs in administration, plant operations, and food service and slightly lower in transportation. This was the result of the District operating efficiently overall. However, auditors identified a few opportunities for improved procedures and controls.

Lower administrative costs, but some improvements needed—

Show Low USD's \$683 administrative cost per pupil was 14 percent lower than the peer districts' \$798 average. The District spent less on administration in part because it employed fewer administrative staff. Specifically, Show Low USD employed 1 administrative full-time (FTE) position for every 108 students, while the peer districts averaged 1 administrative FTE for every 95 students. Additionally, the District paid some of its administrative employees, such as the superintendent and assistant principals, less than the peer districts, on average. However, the District should strengthen some

Figure 1
Percentage of students who met or exceeded state standards
Fiscal year 2015
(Unaudited)



Source: Auditor General staff analysis of fiscal year 2015 test results on Arizona's Measurement of Educational Readiness to Inform Teaching (AzMERIT) and Arizona's Instrument to Measure Standards (AIMS).

¹ Auditors developed three peer groups for comparative purposes. See page a-1 of this report's Appendix for further explanation of the peer groups.

of its computer and accounting controls (see Finding 1, page 3).

Efficient plant operations—Compared to peer districts’ averages, Show Low USD’s plant operations costs were 13 percent lower both per square foot and per student. The District was able to spend less on plant operations primarily because it spent 60 percent less per square foot on maintenance and repairs and 14 percent less per square foot on energy costs. Despite spending less on maintenance and repairs, auditors determined that the District had a preventative maintenance plan in place, and its facilities appeared to be adequately maintained. In addition, the District kept its energy costs low by using an energy management system that controlled energy usage by monitoring and adjusting building temperatures to keep them within district-approved ranges.

Efficient food service program—Show Low USD spent 15 percent less per pupil on its food service program than its peer districts averaged because it served 19 percent fewer meals per student. Further, the District’s \$2.92 cost per meal was similar to the peer districts’ \$2.80 average. The District controlled its costs by employing effective purchasing practices to limit waste and help ensure appropriate inventory levels were maintained. More specifically, the District reviewed monthly inventory reports to determine what food was available and what items needed to be purchased based on upcoming menus. Kitchen managers at each site prepared food orders from a list of approved food items and the Food Service Director reviewed and placed food orders. By controlling its costs, the District was able to cover all of the program’s operating costs.

Transportation program had similar per mile costs, but reporting improvements needed—Show Low USD’s \$2.50 cost per mile was similar to the peer districts’ \$2.54 average. The District’s cost per rider was 7 percent higher than peer districts’, on average, but only because the District transported its riders 6 percent more miles than the peer districts averaged. However, the District should ensure that it accurately reports its number of students transported for state funding purposes (see Other Findings, page 5).

Table 1
Comparison of per pupil expenditures by operational area
Fiscal year 2015
 (Unaudited)

Spending	Show Low USD	Peer group average	State average
Total per pupil	\$6,856	\$7,690	\$7,658
Classroom dollars	3,689	3,941	4,105
Nonclassroom dollars			
Administration	683	798	780
Plant operations	909	1,045	930
Food service	356	419	417
Transportation	387	411	371
Student support	500	597	613
Instruction support	332	479	442

Source: Auditor General staff analysis of fiscal year 2015 Arizona Department of Education student membership data and district-reported accounting data.



District should strengthen computer and accounting controls

Show Low USD should strengthen its computer and accounting controls. In fiscal year 2016, the District lacked adequate controls over its computer network and systems. Although no improper transactions were detected in the items auditors reviewed, improvements are necessary to help prevent errors and fraud and loss of data. Additionally, the District did not accurately report its fiscal year 2015 costs on its *Annual Financial Report*.

District had inadequate computer controls

Show Low USD lacked adequate controls over its computer network and systems. Improvements to these controls are necessary to prevent errors and fraud, protect sensitive information, and ensure continuity of operations in the case of a system or equipment failure or interruption.

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. Strengthening password requirements would decrease the risk of unauthorized persons gaining access to the District's network and systems.

Broad access to accounting system—Auditors reviewed the District's user access report for 12 of the 16 accounting system users and identified two employees who 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. This employee also had access to administer the District's accounting system. Administrator-level access allows the user full control over system settings, including the ability to add new users and modify the level of access users have in the system. Although auditors did not detect any improper transactions in the payroll and accounts payable transactions reviewed, 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—The District should improve procedures to ensure that only current employees have access to its network and student information system. Auditors reviewed the District's network and student information system user access reports and identified 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. To reduce the risk of unauthorized access, the District should ensure that access to the network and critical systems is promptly removed when a user is no longer associated with the District.

Generic network accounts—Auditors reviewed the District's network user access report and found 12 accounts that were not assigned to specific individuals. Generic accounts create additional risk because it is difficult or impossible for the District to hold anyone accountable if inappropriate activity were conducted using these accounts. The District should examine these generic accounts and determine if they are necessary. Further, the District should eliminate any unnecessary generic accounts and minimize the number of remaining generic

accounts and establish proper controls over them, such as disabling them, if appropriate, when not being used.

Outdated and unsupported operating systems—The District did not assess the security risks associated with using outdated and unsupported operating systems. Auditors determined that 2 of the District’s 17 network-connected servers and 99 of its 1,991 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—The District has a contingency plan, but 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.

District did not accurately report its costs

Show Low USD did not consistently classify its fiscal year 2015 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, including both classroom and nonclassroom expenditures. Auditors identified errors totaling approximately \$448,000 of the District’s total \$16.1 million in operational spending.² When corrected, these changes decreased the District’s reported instructional expenditures by about \$416,000, or 2.4 percentage points. The dollar amounts shown in the tables and used for analysis in this report reflect the necessary adjustments.

Recommendations

1. The District should implement and enforce stronger password requirements.
2. The District should limit employees’ access to its computerized accounting system to only those accounting system functions needed to perform their job duties, including transferring the business office employees’ administrator-level access to someone outside of the business office.
3. The District should improve procedures to ensure that terminated employees have their computer network and systems access promptly removed.
4. The District should eliminate unnecessary generic user accounts in its network and properly control any remaining generic accounts.
5. The District should ensure that its network-connected servers and computers have currently supported operating systems installed or reduce the risk of computer-related attack by limiting their use and/or remove the network access to these servers and computers.
6. The District should review its formal IT contingency plan to ensure it is complete and test it periodically to identify and remedy any deficiencies.
7. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

² Operational spending includes costs incurred for the District’s day-to-day operations. For further explanation, see Appendix, page a-1.



OTHER FINDINGS

In addition to the main finding presented in this report, auditors identified one other, less significant area of concern that requires district action.

District incorrectly reported eligible riders, rather than actual riders, for student transportation funding

In fiscal year 2015, Show Low USD incorrectly reported its ridership to the Arizona Department of Education by reporting the number of students eligible for transportation rather than the number of students actually transported, as Arizona Revised Statutes §15-922 requires. Transportation funding is primarily based on miles driven, but the number of riders is also a factor in determining the per mile rate that districts receive. Although the District's inaccurate reporting in fiscal year 2015 did not affect its transportation funding, the District should ensure it is meeting state reporting requirements by reporting the actual number of students transported. Having accurate rider counts will enable the District to calculate and use rider-based performance measures, such as cost per rider and bus capacity utilization, to evaluate its routes and program efficiency and make informed program decisions.

Recommendation

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



Objectives, scope, and methodology

The Office of the Auditor General has conducted a performance audit of the Show Low Unified School District pursuant to Arizona Revised Statutes §41-1279.03(A)(9). This audit focused on the District's efficiency and effectiveness in four operational areas: administration, plant operations and maintenance, food service, and student transportation because of their effect on classroom dollars, as previously reported in the Office of the Auditor General's annual report, *Arizona School District Spending (Classroom Dollars)* report). To evaluate costs in each of these areas, only operational spending, primarily for fiscal year 2015, was considered.³ Further, because of the underlying law initiating these performance audits, auditors also reviewed the District's use of Proposition 301 sales tax monies and how it accounted for dollars spent in the classroom.

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2015 summary accounting data for all districts and Show Low USD's fiscal year 2015 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff.

To compare districts' academic indicators, auditors developed a student achievement peer group using poverty as the primary factor because poverty has been shown to be associated with student achievement. Auditors also used secondary factors such as district type and location to further refine these groups. Show Low USD's student achievement peer group includes Show Low USD and the 16 other unified school districts that also served student populations with poverty rates between 28 and 36 percent in towns and rural areas. Auditors compared Show Low USD's graduation rate and its percentage of students who met state standards to those of its peer group averages.⁴ Generally, auditors considered Show Low USD's percentages to be similar if they were within 5 percentage points of peer averages, slightly higher/lower if they were within 6 to 10 percentage points of peer averages, higher/lower if they were within 11 to 15 percentage points of peer averages, and much higher/lower if they were more than 15 percentage points higher/lower than peer averages. In determining the District's overall student achievement level, auditors considered the differences in the percentage of students who met state standards between Show Low USD and its peers, as well as differences between their graduation rates.

To analyze Show Low USD's operational efficiency in administration, plant operations, and food service, auditors selected a group of peer districts based on their similarities in district size, type, and location. This operational peer group includes Show Low USD and 16 other unified school districts that also served between 2,000 and 8,100 students and were located in towns and rural areas. To analyze Show Low USD's operational efficiency in transportation, auditors selected a group of peer districts based on their similarities in miles per rider and location. This transportation peer group includes Show Low USD and 14 other school districts that also traveled between 260 and 379 miles per rider and were located in towns and rural areas. Auditors compared Show Low USD's costs to its peer group averages. Generally, auditors considered Show Low USD's costs to be similar if they were within 5 percent of peer averages, slightly higher/lower if they were within 6 to 10 percent of peer

³ Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

⁴ The percentage of students who met state standards is based on the number of students who scored proficient or highly proficient on the Arizona's Measurement of Educational Readiness to Inform Teaching (AzMERIT) math and English language arts tests and those who met or exceeded the state standards on the Arizona's Instrument to Measure Standards (AIMS) science test. Test results were aggregated across grade levels and courses, as applicable.

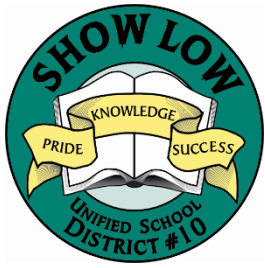
averages, higher/lower if they were within 11 to 15 percent of peer averages, and much higher/lower if they were more than 15 percent higher/lower than peer averages. However, in determining the overall efficiency of Show Low USD's nonclassroom operational areas, auditors also considered other factors that affect costs and operational efficiency, such as square footage per student, meal participation rates, and bus capacity utilization, as well as auditor observations and any unique or unusual challenges the District had. Additionally:

- To assess the District's computer information systems and network, auditors evaluated certain controls over its logical and physical security, including user access to sensitive data and critical systems, and the security of servers that house the data and systems. Auditors also evaluated certain district policies over the system such as data sensitivity, backup, and recovery.
- To assess the District's financial accounting data, auditors evaluated the District's internal controls related to expenditure processing and scanned all fiscal year 2015 payroll and accounts payable transactions for proper account classification and reasonableness. Additionally, auditors reviewed detailed payroll and personnel records for 30 of the 438 individuals who received payments in fiscal year 2015 through the District's payroll system and reviewed supporting documentation for 30 of the 10,477 fiscal year 2015 accounts payable transactions. After adjusting transactions for proper account classification, auditors reviewed fiscal year 2015 spending and prior years' spending trends across operational areas. Auditors also evaluated other internal controls that were considered significant to the audit objectives.
- To assess whether the District managed its transportation program appropriately and whether it functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, bus maintenance and safety records, bus routing, and bus capacity usage. Auditors also reviewed fiscal year 2015 transportation costs and compared them to peer districts'.
- To assess whether the District's administration effectively and efficiently managed district operations, auditors evaluated administrative procedures and controls at the district and school level, including reviewing personnel files and other pertinent documents and interviewing district and school administrators about their duties. Auditors also reviewed and evaluated fiscal year 2015 administration costs and compared them to peer districts' and surveyed the peer districts to further evaluate staffing and salary levels.
- To assess whether the District managed its plant operations and maintenance function appropriately and whether it functioned efficiently, auditors reviewed and evaluated fiscal year 2015 plant operations and maintenance costs and district building space, and compared these costs and capacities to peer districts'.
- To assess whether the District managed its food service program appropriately and whether it functioned efficiently, auditors reviewed fiscal year 2015 food service revenues and expenditures, including labor and food costs; compared costs to peer districts'; reviewed the Arizona Department of Education's food service-monitoring reports; reviewed point-of-sale system reports; and observed food service operations.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2015 expenditures to determine whether they were appropriate and if the District properly accounted for them. Auditors also reviewed the District's performance pay plan and analyzed how it distributed performance pay. No issues of noncompliance were identified.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and her staff express their appreciation to the Show Low Unified School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE



Show Low Unified School District #10

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November 7, 2016

Ms. Debra Davenport
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 8018

RE: Fiscal Year 2015 Performance Audit

Dear Ms. Davenport,

The Show Low Unified School District respectfully submits its response to the Performance Audit conducted by the Auditor General's Office for fiscal year 2015. The Performance Audit reflected one finding and accompanying recommendations as well as one other finding with which the District concurs. The District has attached its responses accordingly.

While the report provided welcome recommendations to enhance and improve district procedures, it also provided validation of the District's efforts in providing a quality education to its students, support for its staff, and reflecting its commitment to fiscal responsibility as effective stewards of taxpayer funds.

The Show Low Unified School District would like to thank you for the insight, positive interaction, professionalism, and courtesy of the audit team and your office throughout the process. Our staff would like to express our appreciation for the chance to engage in meaningful collaboration with the Auditor General's Office.

Please do not hesitate to contact us with any questions or comments regarding our response.

Sincerely,

Shad Housley
Superintendent

Finding 1: District should strengthen computer and accounting controls

District Response: The district concurs with this finding and has taken corrective action steps to strengthen computer and accounting controls.

Recommendation 1: The District should implement and enforce stronger password requirements.

District Response: The district agrees with the recommendation and has changed the criteria used for creating computer access passwords. These requirements meet common guidelines for strong passwords.

Recommendation 2: The District should limit employees' access to its computerized accounting system to only those accounting system functions needed to perform their job duties, including transferring the business office employees' administrator-level access to someone outside of the business office.

District Response: The district agrees with the recommendation and will define access levels as defined by job positions and appropriate security access will be implemented. The IT Systems Administrator will be trained on managing access controls for the accounting system by the software vendor.

Recommendation 3: The District should improve procedures to ensure that terminated employees have their computer network and systems access promptly removed.

District Response: The district concurs with the recommendation and will be working with the IT department and HR department to develop procedures for communicating and removing terminated employees

Recommendation 4: The District should eliminate unnecessary generic user accounts in its network and properly control any remaining generic accounts.

District Response: The district concurs with the recommendation and will work with the IT department to evaluate current generic accounts and eliminate those that are no longer valid. We will put into place procedures for eliminating these accounts once they are no longer viable.

Recommendation 5: The District should ensure that its network-connected servers and computers have currently supported operating systems installed or reduce the risk of computer-related attack by limiting their use and/or remove the network access to these servers and computers.

District Response: The district concurs with this recommendation and will work with the IT department to create a district technology plan that includes a timeline for upgrading old operating systems.

Recommendation 6: The District should review its formal IT contingency plan to ensure it is complete and test it periodically to identify and remedy any deficiencies.

District Response: The district concurs with this recommendation and will review our current contingency plan to ensure it is thorough and currently meets the needs of the district. We will also build in ways to test the plan for effectiveness.

Recommendation 7: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: The district concurs with the recommendation. For the errors that were noted by the Auditor General's office, corrective action has been put in to place.

Other Findings: District incorrectly reported eligible riders, rather than actual riders, for student transportation funding

District Response: The district agrees with this finding and implemented strategies to meet this recommendation shortly after the auditors visit.

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

District Response: The district agrees with the recommendation and has implemented a new process for counting ridership.

