

Palominas Elementary School District

Performance Audit

June 2017
Report 17-207



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

June 15, 2017

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board
Palominas Elementary School District

Ms. Marylotti Copeland, Superintendent
Palominas Elementary School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Palominas Elementary 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



Palominas Elementary School District

CONCLUSION: In fiscal year 2015, Palominas Elementary School District's student achievement was slightly higher than the peer districts', and the District operated efficiently overall with similar or lower costs in most operational areas when compared to peer districts' averages. Specifically, the District's administrative costs per pupil were similar to the peer districts', on average. However, the District needs to strengthen its computer and building access controls. The District's plant operations costs per pupil and per square foot were similar to the peer districts' averages, and the District's food service program operated efficiently with a lower cost per meal than peer districts', on average, because it negotiated favorable terms with its food service vendor. Lastly, although the District's transportation program costs per mile and per rider were similar to the peer districts' averages, the District's fuel inventory controls need strengthening, and the District did not always conduct timely bus preventative maintenance.

Slightly higher student achievement and efficient operations

Student achievement slightly higher than the peer districts'—

In fiscal year 2015, Palominas ESD's student scores were similar to the peer districts' averages for English language arts, slightly higher for math, and higher for science.

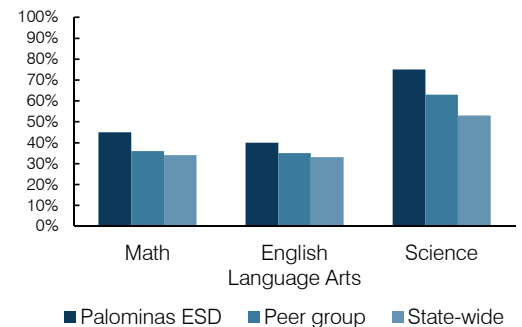
Efficient operations overall—In fiscal year 2015, Palominas ESD operated efficiently overall. Specifically, the District's administrative costs per pupil were similar to the peer districts', on average. The District's plant operations cost per pupil and per square foot were also similar to the peer districts' averages, and the District had installed energy management systems at its three schools during fiscal year 2014, which resulted in a considerable decrease in energy consumption in fiscal year 2015. The District's food service program operated efficiently with a lower cost per meal than peer districts', on average, because the District negotiated favorable terms with its food service vendor, including lower per meal rates compared to peer districts with similar contracts. Lastly, the District's transportation program had similar costs per mile and per rider to the peer districts' averages. However, the District needs to strengthen its fuel inventory controls and conduct timely bus preventative maintenance.

District lacked adequate computer and building access controls

In fiscal year 2016, Palominas ESD lacked adequate computer and building access controls. Although no improper transactions were detected in the items we reviewed, these poor controls exposed the District to an increased risk of errors, fraud, unauthorized access to sensitive information, and loss. More specifically:

- **Weak password requirements—**The District did not have strong password requirements for access to its computer network. Specifically, common guidelines for strong passwords recommend that passwords be changed periodically. However, the District did not have a policy requiring that computer network passwords be changed periodically.

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



Comparison of per pupil expenditures by operational area Fiscal year 2015

| | Palominas ESD | Peer group average |
|------------------|---------------|--------------------|
| Administration | \$1,066 | \$1,036 |
| Plant operations | 887 | 919 |
| Food service | 357 | 586 |
| Transportation | 842 | 505 |

- **Broad access to accounting system**—We found that in fiscal year 2016, the District granted five of its six accounting system users more access to the accounting system than they needed to perform their job duties.
- **Inadequate procedures for removing access to the network and student information system**—We reviewed fiscal year 2016 user access reports and found 16 network user accounts and one student information system user account that were linked to employees who no longer worked for the District, including at least one employee who had not worked for the District for more than 2 years.
- **Inadequate building access controls**—The District had poor controls over physical access to its buildings because its log showing keys made and distributed did not show the areas or buildings that could be accessed by 27 of the 470 distributed keys. Further, the District did not follow its own policy for the assignment of keys because it allowed personnel beyond those specified in the policy to have keys that provided unlimited access.

Recommendations

The District should:

- Implement and enforce a password policy related to password expiration.
- Limit employees' access to only those accounting system functions needed to perform their job duties.
- Ensure terminated employees have their system access promptly removed.
- Implement controls over its process for distributing and tracking keys, and review and limit employees' access to its buildings based on district policy.

District should improve controls over transportation program

Despite similar per mile and per rider costs in fiscal year 2015 when compared to its peers, Palominas ESD needs to strengthen some of its transportation program controls. More specifically:

Poor controls over fuel inventory—Palominas ESD should strengthen controls over its fuel inventory, which consists of an 8,000 gallon above-ground diesel fuel tank and an 8,000 gallon below-ground unleaded fuel tank. Although the fuel pumps' physical security appeared sufficient, the District did not ensure that fuel usage was appropriate and only for district vehicles because it tracked and reconciled only unleaded fuel usage but not diesel fuel usage. In addition, we compared the unleaded fuel logs to the fuel purchase invoices for three months in fiscal year 2016 and found over 100 gallons of unleaded fuel that was missing from the fuel logs. The District had also identified this discrepancy, but it did not investigate the reason for the discrepancy.

Bus preventative maintenance not always performed timely—Palominas ESD did not always conduct bus preventative maintenance activities according to the State's *Minimum Standards for School Buses and School Bus Drivers*. We reviewed bus maintenance files for 10 of the District's 31 buses and found that none of the 10 buses reviewed had preventative maintenance performed in accordance with the District's 3,000-mile preventative maintenance schedule for unleaded fuel buses and 10,000-mile preventative maintenance schedule for diesel fuel buses. The buses exceeded the required preventative maintenance schedule by amounts ranging from 100 miles to over 10,000 miles.

Recommendations

The District should:

- Evaluate and implement additional controls over its fuel inventory.
- Ensure that it conducts bus preventative maintenance in a systematic and timely manner in accordance with its policy.



TABLE OF CONTENTS

| | |
|---|-----|
| District Overview | 1 |
| Student achievement slightly higher than peer districts' | 1 |
| District operated efficiently but can make improvements | 1 |
| Finding 1: District needs to strengthen computer and building access controls | 3 |
| District lacked adequate computer controls | 3 |
| District lacked adequate controls over building access | 3 |
| Recommendations | 4 |
| Finding 2: District should improve controls over transportation program | 5 |
| District should strengthen controls over fuel inventory | 5 |
| District did not always perform bus preventative maintenance according to its schedule | 5 |
| Recommendations | 6 |
| Appendix: Objectives, scope, and methodology | a-1 |
| District Response | |
| Table | |
| 1 Comparison of per pupil expenditures by operational area Fiscal year 2015 (Unaudited) | 2 |
| Figure | |
| 1 Percentage of students who met or exceeded state standards Fiscal year 2015 (Unaudited) | 1 |



DISTRICT OVERVIEW

Palominas Elementary School District is a rural district located about 90 miles southeast of Tucson in Cochise County. In fiscal year 2015, the District served 989 students in kindergarten through 8th grade at its three schools.

In fiscal year 2015, Palominas ESD's student achievement was slightly higher than the peer districts', and it operated efficiently overall with similar or lower costs in most operational areas when compared to peer districts' averages.¹ However, auditors identified some opportunities for improved procedures and controls.

Student achievement slightly higher than peer districts'

In fiscal year 2015, 45 percent of the District's students met or exceeded state standards in math, 40 percent in English language arts, and 75 percent in science. As shown in Figure 1, the District's scores were similar to the peer districts' averages for English language arts, slightly higher for math, and higher for science.

District operated efficiently but can make improvements

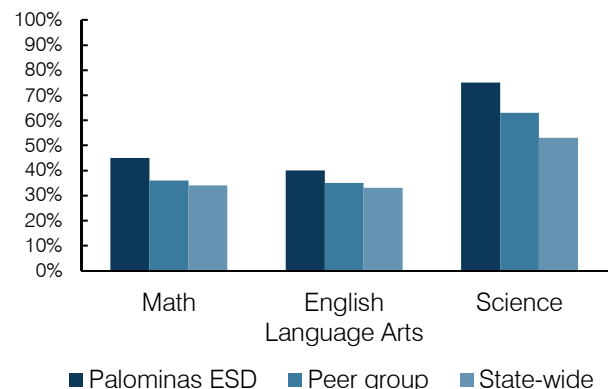
As shown in Table 1 on page 2 and based on various performance measures, in fiscal year 2015, Palominas ESD spent 11 percent more per pupil in the classroom than the peer districts, on average, despite spending a similar amount per pupil overall. This was the result of the District operating efficiently overall. However, auditors identified some opportunities for improved procedures and controls.

Similar administrative costs, but improved controls needed—In fiscal year 2015, Palominas ESD's \$1,066 administrative costs per pupil were similar to the peer districts' average. However, the District needs to strengthen some of its computer and building access controls (see Finding 1, page 3).

Reasonably efficient plant operations—Compared to the peer districts' averages, Palominas ESD's fiscal year 2015 cost per square foot and cost per pupil were similar to the peer districts' averages. During fiscal year 2014, the District installed energy management systems at its three schools and implemented an energy conservation plan, which resulted in a considerable decrease in energy consumption in fiscal year 2015.

Efficient food service program—Palominas ESD's \$2.55 cost per meal was 9 percent lower than the peer districts' average primarily because it negotiated favorable terms with its food service vendor, including lower per meal rates compared to peer districts with similar contracts. In addition, the District's cost per pupil was

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.

39 percent lower because it served 29 percent fewer meals per student than the peer districts averaged.

Similar transportation costs, but improvements needed—In fiscal year 2015, Palominas ESD’s \$2.08 cost per mile and \$1,210 cost per rider were similar to the peer districts’ averages. The District was able to maintain similar costs to the peer districts’ because it operated efficient bus routes, filling buses to an average of 80 percent of seat capacity. Although its transportation program costs were similar to the peer districts’ averages, the District’s fuel inventory controls need strengthening, and the District did not always conduct timely bus preventative maintenance (see Finding 2, page 5).

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

| Spending | Palominas ESD | Peer group average | State average |
|----------------------|---------------|--------------------|---------------|
| Total per pupil | \$8,465 | \$8,064 | \$7,658 |
| Classroom dollars | 4,476 | 4,035 | 4,105 |
| Nonclassroom dollars | | | |
| Administration | 1,066 | 1,036 | 780 |
| Plant operations | 887 | 919 | 930 |
| Food service | 357 | 586 | 417 |
| Transportation | 842 | 505 | 371 |
| Student support | 391 | 482 | 613 |
| Instruction support | 446 | 501 | 442 |

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



District needs to strengthen computer and building access controls

In fiscal year 2016, Palominas ESD lacked adequate computer and building access controls. Although no improper transactions were detected in the items auditors reviewed, these poor controls exposed the District to an increased risk of errors, fraud, unauthorized access to sensitive information, and loss.

District lacked adequate computer controls

In fiscal year 2016, the District lacked adequate controls over its computer network and accounting and student information systems. These poor controls exposed the District to an increased risk of unauthorized access to these critical systems.

Weak password requirements—The District did not have strong password requirements for its computer network. Specifically, common guidelines for strong passwords recommend that passwords be changed periodically. However, the District did not have a policy requiring that computer network passwords be changed periodically. Strengthening password requirements would decrease the risk of unauthorized persons gaining access to the District's network and systems. In addition, the District should periodically review user accounts to ensure that employee password changes are in accordance with the policy.

Broad access to accounting system—Auditors reviewed the District's fiscal year 2016 user access report for the six accounting system users and found that five users had more access to the accounting system than they needed to perform their job duties. Two of these employees had full access to the accounting system, giving these employees the ability to perform all accounting system functions without an independent review and approval. In addition, two business office employees 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 critical systems—The District lacked a timely process for ensuring that only current employees had access to its network and student information system. Auditors reviewed the District's fiscal year 2016 user access reports and found 16 network user accounts and one student information system user account that were linked to employees who no longer worked for the District. At least one of these individuals had not worked for the District for over 2 years. To reduce the risk of unauthorized access, the District should implement procedures to ensure the prompt removal of access when a user is no longer employed by the District.

District lacked adequate controls over building access

The District needs to strengthen its process for distributing and tracking keys for district buildings. Specifically, although the District maintains a log showing keys made and distributed to employees, the log was not complete because 27 of the 470 distributed keys listed on the fiscal year 2016 log did not show the areas or buildings

that could be accessed using those keys, and district officials were also unaware of what access these keys provided. In addition, although the District's key assignment policy allowed for only specific employees, such as the superintendent, business manager, and maintenance director, to have unlimited access to district buildings, auditors found that the District had assigned keys with unlimited access to employees beyond those specified in the policy. Specifically, the District allowed 20 employees, such as office clerks, teachers, and food service workers, to have unrestricted access to district facilities, increasing the risk of theft and misuse of supplies and equipment.

Recommendations

1. The District should implement and enforce a password policy related to password expiration and periodically review employees' user accounts to ensure that password changes are in accordance with the policy.
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 develop and implement a formal process to ensure that terminated employees have their computer network and systems access promptly removed.
4. The District should strengthen controls over its process for distributing and tracking building keys, including maintaining an up-to-date distribution log showing the areas and buildings each key can access and ensuring that it assigns keys according to its key assignment policy.



District should improve controls over transportation program

Despite similar per mile and per rider costs in fiscal year 2015 when compared to its peers, Palominas ESD needs to strengthen some of its transportation program controls. Specifically, the District needs to improve controls over its fuel inventory and bus preventative maintenance.

District should strengthen controls over fuel inventory

Palominas ESD should strengthen controls over its fuel inventory. The District has one 8,000 gallon above-ground diesel fuel tank located at its bus yard and one 8,000 gallon below-ground unleaded fuel tank located at one of its elementary schools. The fuel tanks at both of these locations are surrounded by chain link fences that are secured nightly. Additionally, the District's pumps are secured with padlocks. Although the fuel pumps' physical security appeared sufficient, the District did not ensure that fuel usage was appropriate and only for district vehicles. For example, prior to fiscal year 2016, the District did not have any way of knowing when the fuel was pumped, who pumped it, and for what purpose. In fiscal year 2016, the District implemented a fuel log system for its unleaded fuel pumps that required employees to record their name, date, vehicle number, and amount of fuel pumped. The District reconciled the gallons of unleaded fuel pumped, as recorded on these fuel logs, to the gallons of fuel purchased, based on vendor invoices. Auditors compared the unleaded fuel logs to the fuel purchase invoices for three months in fiscal year 2016 and found over 100 gallons of unleaded fuel that was missing from the fuel logs. The District had also identified this discrepancy, but it did not investigate the reason for the discrepancy. In addition, the District's fuel logs were incomplete because they did not include the time that fueling took place and the odometer reading of the vehicle being fueled. The District did not log its diesel fuel usage and therefore it could not be reconciled. Without requiring comprehensive fuel logs for all fuel tanks and properly monitoring and reconciling all fuel logs, the District cannot determine whether all fuel usage was appropriate and only for district vehicles. This lack of control over the its fuel inventory placed the District at risk for theft and fraud.

District did not always perform bus preventative maintenance according to its schedule

According to the State's *Minimum Standards for School Buses and School Bus Drivers (Minimum Standards)*, districts must demonstrate that their school buses receive systematic preventative maintenance and inspections, including periodic oil changes, tire and brake inspections, and inspections of safety signals and emergency exits. These standards are designed to help ensure the safety and welfare of school bus passengers, as well as extend the useful life of buses. However, Palominas ESD did not always conduct preventative maintenance activities in a timely manner. Auditors reviewed fiscal years 2014, 2015, and 2016 bus maintenance files for 10 of the District's 31 buses, and found that none of the 10 buses reviewed had preventative maintenance performed in accordance with the District's 3,000-mile preventative maintenance schedule for unleaded fuel buses and 10,000-mile preventative maintenance schedule for diesel fuel buses. The buses exceeded the required preventative maintenance schedule by amounts ranging from 100 miles to over 10,000 miles.

Recommendations

1. The District should evaluate and implement additional controls over its fuel inventory to help ensure proper accounting of all fuel usage, including implementing fuel logs for its diesel fuel pump, reconciling all fuel logs to fuel purchases, requiring employees to document vehicle fueling times and odometer readings, and investigating any discrepancies identified.
2. The District should ensure that bus preventative maintenance is conducted and documented in a systematic and timely manner in accordance with its policy and the State's *Minimum Standards*.



Objectives, scope, and methodology

The Office of the Auditor General has conducted a performance audit of the Palominas Elementary 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.² 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 Palominas ESD'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. Palominas ESD's student achievement peer group includes Palominas ESD and the 16 other elementary school districts that also served student populations with poverty rates between 23 and 28 percent in towns and rural areas. Auditors compared the percentage of Palominas ESD's students who met state standards to its peer group averages.³ Generally, auditors considered Palominas ESD'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 Palominas ESD and its peers.

To analyze Palominas ESD'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 Palominas ESD and the nine other elementary school districts that also served between 600 and 7,999 students and were located in towns and rural areas. To analyze Palominas ESD'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 13 other school districts that also traveled more than 489 miles per rider and were located in towns and rural areas. Auditors compared Palominas ESD's costs to its peer group averages. Generally, auditors considered Palominas ESD'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 averages, higher/lower if they were

² Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with repaying debt, the acquisition of capital assets (such as purchasing or leasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

³ 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.

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 Palominas ESD'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 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 use of district building space, and compared these costs and use of space to peer districts'. Auditors also reviewed the District's controls over district keys and building access.
- To assess whether the District managed its transportation program appropriately and whether it functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, and bus maintenance and safety records for 10 of the District's 31 buses, and bus routing and bus capacity usage. Auditors also reviewed fiscal year 2015 transportation costs and compared them to peer districts'. To analyze the District's fuel purchases and usage, auditors reviewed vendor fuel invoices and fuel logs maintained by employees for fiscal year 2016.
- 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'.
- 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 223 individuals who received payments in fiscal year 2015 through the District's payroll system and reviewed supporting documentation for 30 of the 4,817 fiscal year 2015 accounts payable transactions. No improper transactions were identified. Auditors also evaluated other internal controls that they considered significant to the audit objectives and reviewed fiscal year 2015 spending and prior years' spending trends across operational areas.
- 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. No issues of noncompliance were identified.

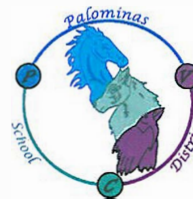
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. 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 Palominas Elementary School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE



Palominas Elementary School District #49
Marylotti Copeland, Superintendent



June 7, 2017

State of Arizona
Office of the Auditor General
Attention: Debra Davenport, Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Regarding: Palominas Elementary School District #49 Performance Audit

Dear Ms. Davenport,

The Palominas Elementary School District has received and reviewed the Draft Performance Audit conducted for fiscal year 2015. Our district would like to extend our appreciation to your organization for its willingness to take the time necessary to clarify the items that required discussion.

Our district will implement the recommendations as outlined in this report dated May 25, 2017. Our goal is to be in compliance with all legal requirements for school districts as well as implement best practices for organizations. Your audit, like other audits, will help us improve our effectiveness.

Included with this letter is the District's response to each finding and recommendation.

Sincerely,

Marylotti Copeland
Superintendent

Cc: file

"We strive to be the center of our community providing whatever it takes for students to be successful."

Finding 1: District needs to strengthen computer and building access controls

District Response: Agree. District will or has implemented the following procedures to strengthen computer and building access controls.

Recommendation 1: The District should implement and enforce a password policy related to password expiration and periodically review employees' user accounts to ensure that password changes are in accordance with the policy.

District Response: Agree. The district will require passwords to be changed on a quarterly basis and set up procedures to verify this is completed every quarter.

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: Agree. The accounting system will be reviewed to ensure employees only have access to the accounting system functions required to perform their job duties. The accounting system administrator-level access will be held by a person outside of the business office.

Recommendation 3: 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: Agree. Practices for terminated employees are being created to include immediate removal from computer network and system access.

Recommendation 4: The District should strengthen controls over its process for distributing and tracking building keys, including maintaining an up-to-date distribution log showing the areas and buildings each key can access and ensuring that it assigns keys according to its key assignment policy.

District Response: Agree. The District will create and maintain an electronic distribution log and the keys will be distributed per regulation ECA-R.

Finding 2: District should improve controls over transportation program

District Response: Agree. District will or has implemented the following procedures to improve controls over transportation program.

Recommendation 1: The District should evaluate and implement additional controls over its fuel inventory to help ensure proper accounting of all fuel usage, including implementing fuel logs for its diesel fuel pump, reconciling all fuel logs to fuel purchases, requiring employees to document

vehicle fueling times and odometer readings, and investigating any discrepancies identified.

District Response: Agree. Fuel logs will account for all fuel usage by date, user, odometer reading and vehicle. Fuel logs and key logs for the fuel pumps have been implemented for diesel. Fuel logs will be reconciled with fuel purchases. Any discrepancies will be investigated.

Recommendation 2: The District should ensure that bus preventative maintenance is conducted and documented in a systematic and timely manner in accordance with its policy and the State's Minimum Standards.

District Response: Agree. The district has recently hired a certified full time mechanic who will ensure that bus preventative maintenance documentation is maintained in accordance with the State's Minimum Standards.

