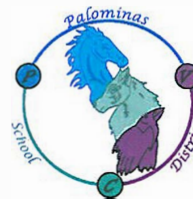




Palominas Elementary School District #49
Marylotti Copeland, Superintendent



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.