

*Ash Creek Elementary School*

*6460 East Highway 181*

*Pearce, AZ 85625*

*(520) 824-3340 Fax (520) 824-3410*



January 21, 2013

State of Arizona  
Office of the Auditor General  
C/o Debbie Davenport, Auditor General  
2910 N. 44<sup>th</sup> Street Suite 410  
Phoenix, Arizona 85018

RE: Response to Ash Creek Elementary School District's Performance Audit

Ms. Davenport:

Ash Creek Elementary School District respectfully submits its response to the Performance Audit of fiscal year 2010-2011, which was conducted pursuant to Arizona Revised Statutes (A.R.S.) 41-1279.03.

Attached is the response to each of the findings and recommendations, and the District's plan to implement the recommendations.

Ash Creek Elementary School is committed to operating efficiently and strives to direct dollars to the classroom. The District appreciated the professionalism of the audit team. We value the data and findings, presented in the report.

Sincerely,

Sue Shepard  
Principal

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## **Responses to Performance Audit Findings**

**Finding 1:** District working to address its high food service costs and poor procedures.

The District agrees with the finding and will implement the recommendations.

**Recommendation 1** The District should continue to closely monitor its food service program to identify and implement additional cost-saving measures.

**Response:** The District has been making changes to improve its record keeping and procedures, implementing Meal Time computer program, purchasing more commodities.

**Finding 2:** Inadequate accounting and computer controls increased risk of errors and fraud.

The District agrees with the finding and will implement the recommendations.

**Recommendation 1** The District should implement proper controls over its payroll and purchasing to ensure adequate separation of duties or alternatively establish an appropriate review process as a compensating control.

**Response:** The District has implemented controls over payroll and purchasing. This is overseen by an independent company and Cochise County School Superintendent's Office.

**Recommendation 2** The District should establish and implement procedures to review employees pay to help ensure employees are paid correctly.

**Response:** The District will implement procedures to review employees pay. This will be overseen by an independent company ADI Business Solutions.

**Recommendation 3** The District should ensure that it requires an independent review and approval of all of its purchases prior to the purchase being made.

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**Response:** The District will review various accounting practices to ensure established procedures are being followed.

**Recommendation 4** The District should limit employee access to the accounting system so that one employee cannot complete transactions without independent review.

**Response:** The District has restricted access to our accounting system and hired an independent company, ADI Business Solutions which reviews our accounting system.

**Recommendation 5** The District should implement and enforce stronger password controls, requiring employees to regularly change their passwords and require more complex passwords.

**Response:** The District is in the process of requiring more secure passwords and having passwords changed on a regular basis.

**Recommendation 6** The District should establish a written agreement with the Cochise County School Superintendent's Office that outlines each party's responsibilities for its accounting system.

**Response:** The District will work with Cochise County School Superintendent Office to implement a written agreement.

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

**Response:** The District is working with an independent company to insure all transactions are coded in accordance with the Uniform Chart of Accounts for school districts.

**Finding 3** Improvement needed for transportation program recordkeeping.

The District agrees with the finding and will implement the recommendations.

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**Recommendation 1** The District should maintain its records supporting the reported number of eligible riders transported and actual miles driven as required by the Arizona State Library, Archives, and Public Records retention schedule.

**Response:** The District has begun ensuring that log records are being kept.

**Recommendation 2** The District should ensure that pre-trip inspections and bus preventative maintenance are conducted and documented as specified in the Minimum Standards.

**Response:** The District is now ensuring that pre-trip inspections and bus preventative maintenance is conducted and recorded in log books.

**Other Findings:** District may be able to improve efficiency and lower costs through the use of cooperative agreements.

**Recommendation** The District should continue to look for ways to improve efficiency and lower costs, including the possibility of cooperatively providing services with other school districts or the County School Superintendent's Office.

**Response:** The District will continue to look for ways to improve efficiency and lower costs.