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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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September 12, 2012

The Honorable Carl Seel, Chair
Joint Legislative Audit Committee

The Honorable Rick Murphy, Vice Chair
Joint Legislative Audit Committee

Dear Representative Seel and Senator Murphy:

Our Office has recently completed an 18-month followup of the Beaver Creek Elementary School District's implementation status for the 5 audit recommendations presented in the performance audit report released in November 2010. As the enclosed grid indicates, all 5 recommendations have been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the November 2010 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Karin Ward, Superintendent
Governing Board
Beaver Creek Elementary School District

BEAVER CREEK ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued November 2010

18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District operates efficiently with lower costs than peer districts'	
No recommendations	
FINDING 2: Inadequate controls increased risk of errors, fraud, and misuse of sensitive information	
1. The District should implement a more detailed review of the information entered into the payroll system to help ensure that unauthorized changes to pay rates or data input errors are identified.	Implemented at 6 months
2. The District should limit employees' access to only those accounting system functions needed to perform their work and should develop and implement a system of formal written policies to ensure that terminated employees have their network access promptly removed.	Implemented at 12 months The District has developed procedures to help ensure that terminated employees' network access is promptly removed. Further, the District reviewed employee access to the accounting system and limited access for one user but decided to maintain the broader access for the other users because of the limited number of business office staff. However, the District has implemented additional review procedures to help ensure that an employee cannot initiate and complete a transaction without independent review.
3. The District should improve accounting system password controls by ensuring all users have log-in credentials, establishing a process for users to change assigned passwords to a confidential one that meets minimum complexity requirements, and requiring users to change their passwords periodically.	Implemented at 18 months The District worked with the Yavapai County School Superintendent's Office and established a process requiring users to establish confidential passwords and change them periodically. The County School Superintendent's Office has chosen not to implement minimum complexity requirements at this time due to limitations within its current system.
4. The District should establish a written agreement with the Yavapai County School Superintendent's Office that outlines each party's responsibilities for its accounting system.	Implemented at 6 months

Recommendation**Status/Additional Explanation****OTHER FINDINGS: Stronger performance pay criteria needed**

1. The District should review and modify its performance pay plan to ensure that it contains specific goals and that the goals promote improved performance.

Implemented at 6 months
