

DOUBLE ADOBE SCHOOL
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December 19th, 2013

Ms. Debbie Davenport
Auditor General
Division of School Audits
2910 N. 44th St. Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

Double Adobe District respectfully submits its response to the Performance Audit of fiscal 2011 conducted by the Office of the Auditor General and the Divisions of School Audits. The District would like to thank Ms. Ann Orrico and the rest of the Audit Team for their time, effort and professionalism with regard to this audit. After the team's visits and our discussions the District began the process of changing some of the identified processes and procedures that were identified. We did correct the Transportation report error with the Arizona's Department of Education immediately. We have addressed these updates in the following response.

Double Adobe District welcomes the opportunity to improve our fiscal efficiency while remaining committed to the academic success of our students.

Attached is the district's response to the findings and recommendations as outlined in the preliminary report. Please do not hesitate to contact us if there are any questions regarding our response.

Sincerely,

Pamela Sanders
Head Teacher

FINDING 1

District had much lower administrative costs but inadequate accounting and computer controls increased risk of errors and fraud

Recommendations

1. The District should implement proper controls over its payroll processing to ensure adequate separation of responsibilities or alternatively establish an appropriate review process as a compensating control.

Response:

The District agrees with the finding and recommendation and has implemented a procedure to provide separation of payroll responsibilities. The District has implemented a system where the Office Manager and Head Teacher both have duties in regard to the payroll. After the payroll is processed through Visions by the Office Manager, the Head Teachers verifies the payroll amounts and signs off on the summary. The Head Teacher also distributes the pay check to the employees.

2. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.

Response:

The District agrees with the finding and recommendation and has implemented procedures to ensure all purchases are reviewed and approved prior to the purchase being made. We have implemented a procedure where a requisition is made by a staff member, then approved by the Head Teacher. Once it is approved the Office Manager will issue the purchase order. When purchases are received, the Office Manager verifies that the purchase is correct.

3. The District should implement proper controls over student activities cash receipts received at the district office by preparing and issuing duplicate, prenumbered, and numerically controlled cash receipt forms, and having a second employee reconcile, or review the reconciliations of, issued receipt amounts to actual deposits.

Response:

The District agrees with the finding and recommendation and has implemented providing a numbered receipt for all cash received. The district will assign a teacher, who is also a signee on the account, to verify the receipts and deposits.

4. The District should implement and enforce stronger password controls by requiring its employees to use more complex passwords and to periodically change them.

Response:

The District agrees with the finding and recommendation and will implement stronger passwords and network passwords. They will require more complexity in the passwords by all staff members and changed every 90 days

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

Response:

The District agrees with the finding and recommendation and has been in contact with the County School Office to come up with this agreement for the District and the rest of the districts in Cochise County.

6. The District should ensure that its computer server is stored in a room that is properly cooled and ensure that a fire extinguisher is available nearby.

Response:

The District agrees with the finding of the team and the recommendation and has moved the servers into the building. The room is off of the multipurpose room and an exhaust fan has been installed to enhance the cooling system. A fire extinguisher is in place.

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

Response:

The District agrees with the finding and recommendation and will classify all transactions in accordance with the Uniform Chart of Accounts for School districts

8. The District should ensure expenditure descriptions within the accounting system adequately describe each transaction.

Response:

The district agrees to ensure expenditure descriptions within the accounting system will adequately describe each transaction.

FINDING 2

District needs to improve transportation recordkeeping and fuel inventory controls

Recommendations

1. The District should accurately calculate and report miles driven and students transported for state funding purposes.

The district agrees with the finding and recommendation that mileage was incorrectly reported and has ensured that the mileage reported to the Arizona Department of Education for the 2010 school year has been corrected and was done immediately when the team found the error. Even with the check and balances in place by the Arizona Department of Education reports, the inventory report which compares odometer readings from year to year, the error was not caught.

2. The District should continue to work with the Arizona Department of Education regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budgets until all funding errors caused by the misreported mileage are fully corrected.

Response:

The district agrees with the finding and recommendation. The district submitted corrected Route Reports to the Arizona Department of Education in August of 2012.

3. The District should implement proper controls over its fuel inventory, such as requiring a district employee to be present during vendor deliveries, requiring employees to document vehicle mileage and gallons pumped when fueling, and reconciling fuel usage to miles traveled and vendor billings for reasonableness.

Response:

The District agrees with the finding and recommendation that proper controls over the fuel inventory should be implemented. The district will have an employee present during deliveries. The bus driver will document mileage and gallons pumped when fueling, reconciling fuel usage to miles traveled and vendor billing will be done for reasonableness.

Other Finding

District may be able to improve efficiency and lower costs through the use of cooperative agreements

Recommendation: The District should 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 agrees that it should look for ways to improve efficiency and lower costs, including cooperatively providing services with other school districts or the County School Superintendent's Office. At this time we are doing programs with IGA's with St. David Unified and the County School Superintendent's Office.