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Elfrida Elementary School

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September 11, 2013

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

Dear Ms. Davenport,

Elfrida Elementary District respectfully submits its response to the Performance Audit of fiscal year 2011 conducted by the Office of the Auditor General and the Division 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.

We appreciate the auditors' recognition of our efforts to control costs to our tax payers in many of the areas evaluated. Our District has worked continuously to improve our efficiency and will continue to seek ways to use our funding wisely. Your assistance in this is greatly appreciated.

Attached you will find the response to each of the findings and recommendations. Please do not hesitate to contact us if there are any questions regarding our response.

Sincerely,

Vicki Brand
Superintendent

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

Payroll and purchasing controls inadequate

- Lack of payroll review resulted in overpayments

Recommendation: The District should establish and implement procedures to review employee pay, including changes to pay rates to help ensure that employees are paid correctly.

Response: The District agrees and has implemented a procedure to review employee pay to ensure employees are paid correctly. Prior payroll reports as well as the current payroll reports are reviewed by Payroll Manager and Superintendent to verify accuracy and precision before a payroll is released.

- Some purchases lacked proper approval

Recommendation: 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 and has implemented procedures to ensure all purchases are reviewed and approved prior to the purchases being made. We have implemented a procedure where a requisition is made by a staff member then approved by the Superintendent. Once approved then the Business Manager makes a purchase order then it is approved and released by the Superintendent. Once released the Business Manager makes the purchase. When received the Administrative Assistant verifies the purchase is correct.

- Insufficient cash controls placed monies at greater risk for loss or theft

Recommendation: The District should implement proper controls over its cash handling to ensure timely and accurate deposits and to prevent theft or loss.

Response: The District agrees and has made an effort to deposit cash on a weekly basis and needs to continue to improve in this area.

Inadequate computer and network controls

- Board access to accounting system

Recommendation: The District should limit employees' access to the accounting system so that one single employee cannot complete transaction without an independent review.

Response: The District agrees and has created different accesses to the accounting system requiring multiple employees to take part in the purchasing request, approval, and payment for a purchase. No one employee can do the entire process alone.

- Weak password requirements

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

Response: The District agrees and is implementing a new system which requires changes in passwords routinely and requires more complex passwords.

No written agreement for maintaining district accounting system

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

Response: The District agrees and is working with the County to come up with this agreement for the District and the rest of the districts in Cochise County.

District did not accurately report its costs

Recommendation: The District should classify all transactions in accordance with the Uniform Chart of Accounts for School Districts

Response: The District agrees and has provided extensive training through the Arizona School Business Organization for the new business manager in proper coding of costs. Business Manager and the Superintendent confer routinely to ensure proper codes are selected.

2. Finding 2: District needs to improve transportation recordkeeping and may be able to reduce costs

More transportation employees, each driving fewer miles

Recommendation: The District should review transportation staffing levels and see if they can be modified to produce cost savings.

Response: The District agrees that we have higher transportation costs compared to other peer districts. The District will review our transportation staffing levels to determine if we can modify them in order to bring down costs.

Student transportation mileage and riders misreported

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

Response: The District agrees that mileage and ridership were incorrectly reported and will ensure that mileage reported to the Arizona Department of Education matches the actual mileage recorded in the transportation logs. The district will also take actual counts of students transported instead of reporting the eligible riders.

Providing transportation services cooperatively with neighboring school districts could potentially reduce costs and improve recordkeeping

Recommendation: The District should examine the possibility of providing transportation cooperatively with other neighboring districts.

Response: The District agrees that combining transportation services with the high school could possibly reduce costs and will examine the possibility of combining transportation departments with the high school in an IGA in order to increase efficiency.

3. Other Findings

A. 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 through the use of cooperative agreements

Response: The District agrees that establishing cooperative agreements with other districts could lower costs and will continue to look for ways to improve efficiency and lower costs including the possibility of cooperatively providing services with other school districts.

B. Some Classroom Site fund monies not paid in accordance with governing board-approved plan.

Recommendation: The District should pay Classroom Site fund monies in accordance with the governing board approved plan.

Response: The District agrees that there was a discrepancy will ensure that the funds will be paid in accordance with the governing board approved plan.