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April 3, 2019

The Honorable Rick Gray, Chair  
Joint Legislative Audit Committee

The Honorable Anthony T. Kern, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Gray and Representative Kern:

We have recently completed a 30-month followup of the Kyrene Elementary School District's implementation status for the 9 audit recommendations presented in the performance audit report released in June 2016. As the attached grid indicates:

- 7 recommendations have been implemented.
- 2 recommendations have not 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 June 2016 performance audit.

Sincerely,

Vicki Hanson, Director  
Division of School Audits

cc: Governing Board  
Dr. Jan Vesely, Superintendent  
Kyrene Elementary School District

# KYRENE ELEMENTARY SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued June 2016

### 30-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: District lacked adequate accounting and computer controls to protect it from errors and fraud</b>	
1. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made and document that all goods and services have been received prior to payment.	<b>Implemented at 30 months</b>
2. To ensure that it receives the proper amount of cash from food service sales, the District should improve oversight and procedures pertaining to cash collections from food service sales.	<b>Implemented at 6 months</b>
3. The District should implement proper controls over tax-credit eligible extracurricular donations received at District schools by preparing and issuing numerically controlled receipts.	<b>Not implemented</b> The District has not yet implemented proper controls over tax-credit eligible extracurricular donations received at District schools. District employees continue to collect these donations at schools without preparing and issuing numerically controlled receipts, and instead, they continue to create receipts on their computers by manually entering donation information into a spreadsheet and manually assigning a receipt number. District officials stated that they are working to implement an electronic system to generate receipts for tax credit donations.
4. The District should adhere to its policies and procedures for documenting cash deposits in school safes and ensure that all employees handling cash have the proper training.	<b>Implemented at 6 months</b>
5. The District should implement and enforce stronger password requirements.	<b>Implemented at 12 months</b>
6. The District should ensure that it eliminates unnecessary generic accounts on its network and disables, when not in use, those generic accounts determined to be necessary.	<b>Implemented at 6 months</b>
7. The District should create a formal information technology (IT) disaster recovery plan and test it periodically to identify and remedy deficiencies.	<b>Implemented at 30 months</b>

**Recommendation**

**Status/Additional Explanation**

**FINDING 2: District spent more on plant operations primarily for excess building space**

1. The District should analyze its excess building space and determine how to reduce it.

**Not implemented**

As discussed in the audit report, in fiscal year 2013, the District operated its schools at just 69 percent of their designed capacities, on average. Since fiscal year 2013, the District has not made any changes to the building space it maintains, and the number of students attending the District's schools has decreased by 766 students, resulting in the District operating its schools at just 66 percent of their designed capacities, on average, in fiscal year 2019. In December 2018, the District conducted a detailed review of its building space that identified excess space throughout the District, but District officials stated that they have no current plans to reduce any excess space. Instead, District officials stated that they will continue to monitor excess space and include it as a component of their long-term strategic planning.

**OTHER FINDINGS: Bus preventative maintenance not performed according to District's schedule**

1. The District should ensure that bus preventative maintenance is conducted in a systematic and timely manner in accordance with district policy and the State's *Minimum Standards for School Buses and School Bus Drivers*.

**Implemented at 6 months**