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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

June 11, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Chester Crandell, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Crandell:

Our Office has recently completed a 24-month followup of the Prescott Unified School District's implementation status for the 13 audit recommendations presented in the performance audit report released in May 2012. As the enclosed grid indicates:

- 8 recommendations have been implemented;
- 2 recommendations are in the process of being implemented; and
- 3 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 May 2012 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Mr. David Smucker, Superintendent
Governing Board
Prescott Unified School District

PRESCOTT UNIFIED SCHOOL DISTRICT
Auditor General Performance Audit Report Issued May 2012
24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
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FINDING 1: Transportation program helps provide students school choice but better controls and oversight over rider counts and fuel cards needed

<p>1. The District should evaluate and implement methods for determining accurate student rider counts for state funding purposes and also to help evaluate the efficiency of its transportation program.</p>	<p>Implemented at 6 months</p>
<p>2. The District should better secure the fuel cards and change PIN numbers when a fuel card user terminates employment.</p>	<p>Implemented at 6 months</p>
<p>3. The District should strengthen its controls and oversight over fuel card purchases, including ensuring receipts are submitted for all purchases, reconciling fuel receipts to the billing statements, investigating unusual purchases as soon as possible, and reviewing purchases for reasonableness.</p>	<p>Implemented at 12 months</p>
<p>4. The District should work with its fuel vendor to ensure the vendor's billing statements identify each district vehicle fueled.</p>	<p>Implementation in process The District worked with its fuel vendor, but the vendor was unable to adjust its billing statements to identify the district vehicles receiving fuel. However, as an alternative control, the District has begun requiring employees to write vehicle numbers on receipts and is planning to begin tracking the purchases on a spreadsheet to help ensure that fuel purchases are appropriate.</p>

FINDING 2: District lacks sufficient computer controls to adequately protect sensitive information

<p>1. The District should limit employees' access to only those accounting system functions needed to perform their work.</p>	<p>Not implemented At the 12-month followup, the District had reviewed and made some improvements to limit employee access within its accounting system. However, at that time, auditors identified five business office employees who still had more access than was needed to perform their work. Since the 12-month followup, the District has not changed the accounting system access for these employees who continue to have more access than is needed to perform their work.</p>
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Recommendation	Status/Additional Explanation
2. The District should review and reduce the number of users with administrator-level access to its network.	Implemented at 12 months
3. The District should implement and enforce password requirements related to password length, complexity, and expiration.	Not implemented Although the District has made some minor improvements to its password requirements, its passwords continue to lack adequate length, complexity, and expiration requirements.
4. The District should secure wireless access to its network and require a username and password for login.	Implemented at 6 months
5. The District should implement and enforce policies to ensure that terminated employees have their IT system access promptly removed.	Implemented at 24 months The District has implemented a process in which the human resources department notifies the IT department when employees have terminated employment. Auditors reviewed recently terminated employees' IT system access and determined that the District is removing system access when an employee leaves district employment.
6. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	Not implemented The District has not created a disaster recovery plan and has not tested its ability to recover stored data.

OTHER FINDING 1: District did not accurately report its costs

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 24 months
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OTHER FINDING 2: Inadequate recordkeeping of some special purpose funds

1. The District should maintain detailed accounting records of revenues and expenditures for special purpose funds and classify expenditures in accordance with the USFR Chart of Accounts.	Implemented at 24 months
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Recommendation

Status/Additional Explanation

OTHER FINDING 3: Classroom Site Funds not paid in accordance with District's performance pay plan

1. The District should ensure that performance pay is awarded in accordance with its approved plan.

Implementation in process

The District has implemented additional procedures to help ensure that part-time employees receive the proper amount of performance pay and that principals approve and maintain evidence that performance pay goals were accomplished. Auditors reviewed fiscal year 2013 performance pay and found that pay was properly adjusted for part-time employment status. However, auditors reviewed the documentation supporting performance pay for five employees and found that for one employee, the District could not provide support that the student academic achievement goal was developed or achieved although the employee received payment for meeting the goal.
