



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

August 22, 2013

The Honorable Chester Crandell, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Crandell and Representative Allen:

Our Office has recently completed a 12-month followup of the Ray Unified School District's implementation status for the 10 audit recommendations presented in the performance audit report released in August 2012. As the enclosed grid indicates, all 10 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 August 2012 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Mr. Curt Cook, Chief Administrative Officer
Governing Board
Ray Unified School District

RAY UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued August 2012

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: Poor controls over important operations allowed fraudulent and inappropriate activities to occur without timely detection	
1. The District should develop policies and procedures over its in-house drug testing process, including increased oversight and controls that would allow for quick detection of fraud and abuse, such as having drug test results sent directly to the district office and opened by two employees who are not otherwise involved with transportation.	Implemented at 6 months The District has developed policies and procedures for its in-house drug testing process. Drug test results for all employees are now sent directly to the District's superintendent, who reviews the results before sending them to the transportation director.
2. The District should contact the Department of Public Safety to report the falsified drug test results.	Implemented at 6 months
3. The District should strengthen its surplus property policy to specify that employees must notify designated district officials when they identify items that could be declared as surplus property. Further, the policy should specify that employees should not personally take, keep, or sell any district property unless designated district officials have determined it is allowable based on the requirements of Arizona Administrative Code R7-2-1131. The District should also disseminate its surplus property policy to all current and future employees to ensure they are aware of the policy's provisions. Finally, the District should ensure that surplus property is disposed of according to the policy.	Implemented at 12 months The District has strengthened its surplus property policy and has disseminated it to all employees. The policy now prohibits employees from taking or personally selling district surplus property and requires any employee who has identified surplus property to notify the superintendent or the governing board's designee as well as the maintenance supervisor. The policy also states that employees who violate these provisions will face disciplinary action, up to and including, dismissal.
4. The District should implement controls over its process for producing and distributing keys to district buildings, including numbering all keys produced, establishing a distribution log, and creating and following a procedure for ensuring that keys are returned when an employee leaves district employment. In addition, district officials should evaluate if and when it would be appropriate to allow an individual to have sole access to an office and limit such a situation as much as possible.	Implemented at 12 months

Recommendation	Status/Additional Explanation
5. The District should strengthen its policy prohibiting the accessing of pornographic material on district computers or its network to include consequences, such as disciplinary action or dismissal. The District should also require employees to sign a statement indicating they understand the policy and its provisions.	<p>Implemented at 12 months</p> <p>The District has strengthened its policy prohibiting the accessing of pornographic material on its computers and disseminated the policy to all employees. The revised policy also includes disciplinary consequences for students and employees who violate the policy. Further, all employees were required to sign a log acknowledging their receipt of the policy.</p>

FINDING 2: Inadequate computer controls increase risk of errors and fraud

1. The District should review employee access to the accounting system and modify access to ensure that an employee cannot initiate and complete a transaction without independent review and that each employee has only the access necessary to meet their job responsibilities.	Implemented at 6 months
2. The District should implement stronger password controls, requiring its employees to create more secure passwords that contain a combination of alphabetic and numeric characters.	Implemented at 6 months
3. The District should create a formal disaster recovery plan and test it periodically to identify and remedy any deficiencies.	Implemented at 12 months

FINDING 3: Transportation program did not meet all state requirements

1. The District should ensure that it conducts all required annual and random drug testing as specified in the <i>Minimum Standards</i> .	Implemented at 6 months
2. The District should develop and implement the use of a checklist to document that its buses receive required preventative maintenance as specified in the State's <i>Minimum Standards</i> .	Implemented at 6 months
