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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

January 22, 2018

The Honorable Anthony Kern, Chair
Joint Legislative Audit Committee

The Honorable Bob Worsley, Vice Chair
Joint Legislative Audit Committee

Dear Representative Kern and Senator Worsley:

Our Office has recently completed a 24-month followup of the Riverside Elementary School District's implementation status for the 12 audit recommendations presented in the performance audit report released in October 2015. As the enclosed grid indicates:

- 10 recommendations have been implemented, and
- 2 recommendations are in the process of being 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 October 2015 performance audit.

Sincerely,

Vicki Hanson
Director, Division of School Audits

VH:bh
Enclosure

cc: Dr. Jaime Rivera, Superintendent
Governing Board
Riverside Elementary School District

RIVERSIDE ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued October 2015 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District lacked adequate accounting and computer controls to protect it from errors and fraud	
1. The District should ensure that additional duties and related payments are addressed in employment contracts or personnel/payroll action forms, approved in advance of the work being performed, and maintained in employee personnel files.	Implemented at 6 months
2. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.	Implemented at 18 months
3. The District should limit employee access to the accounting system, including the removal of business office employees' administrator-level access to the system, so that one employee cannot complete transactions without an independent review.	Implemented at 12 months
4. The District should develop and implement a formal process to ensure that terminated employees have their IT network and system access promptly removed.	Implemented at 6 months
5. The District should eliminate unnecessary generic user accounts in its network and systems and properly control any remaining generic accounts.	Implemented at 12 months
6. The District should limit physical access to its IT server room so that only appropriate personnel have access.	Implemented at 12 months
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	Implemented at 18 months

Recommendation

Status/Additional Explanation

FINDING 2: District’s solar power system contracts unlikely to meet expectations for cost savings

1. The District, in consultation with its legal counsel, should work with its vendor to revise its three solar power system contracts to conform to the requirements of A.R.S. §15-213.01, including provisions that guarantee cost savings and provide the District with the ability to recover any losses due to higher electricity costs.	Implementation in process The District is in negotiations with its solar power system vendor to purchase the systems in place at its two schools. To assist it in the negotiations, the District hired new legal counsel and contracted with a third-party vendor to evaluate the condition of the systems and assess their fair market value.
2. Because the District loses money on every excess solar kilowatt hour produced by its solar power systems, the District should work with its solar power system vendor to either decrease the size of the systems, connect them to meters that have a usage level more in line with each system’s output, or find some other means to reduce the amount of excess solar power.	Implementation in process As stated above, the District is in negotiations with its solar power system vendor to purchase the systems in place at its two schools. According to district officials, this will eliminate the issue of losing money on excess solar kilowatt hours produced by its solar power systems and provide revenue for the District when it sells the excess power to its electric utility.

FINDING 3: District did not meet state transportation safety requirements and misreported miles and riders, resulting in overfunding

1. The District should ensure that it conducts all required random drug and alcohol testing as specified in the <i>Minimum Standards</i> .	Implemented at 6 months
2. The District should accurately calculate and report miles driven and students transported for state transportation funding purposes.	Implemented at 6 months
3. The District should contact ADE regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budgets and work with ADE until all funding errors caused by the misreported mileage are fully corrected.	Implemented at 6 months
