



RIVERSIDE ELEMENTARY SCHOOL DISTRICT NO. 2
1414 S. 51st Avenue Phoenix, Arizona 85043
www.resdonline.org

**RESD No.2
Governing Board**



Dr. Joyce Luckie
Board President



Lucia Perez Del Cid
Board Vice President



Martin Martinez
Board Member

District Administration



Dr. Jaime Rivera
Superintendent of Schools
jrivera@riverside.k12.az.us

Mr. Ruben B. Gutierrez
Teaching & Learning
(602) 477-8900 Ext. 1117
rgutierrez@riverside.k12.az.us

Mr. Jose Moreno
Business & Student Services
(602) 477-8900 Ext. 1120
jmoreno@riverside.k12.az.us

School Administration

Mr. Marcus J. Piña
Principal RT School
602-272-1339 Ext. 2804

Mr. Talmadge Tanks
Principal KRPA
(602) 477-8960 Ext. 3115

Friday, October 02, 2015

State of Arizona
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Attn: Ms. Debra Davenport, Auditor General

Re: RESD #2 Performance Audit – FY12

Dear Ms. Davenport,

Riverside Elementary School District has received the Preliminary Draft Performance Audit conducted for the Fiscal Year 2012 operation. RESD respectfully submits its responses to the Performance Audit. I would like to take the time and thank your staff for their professional, positive, and cordial interaction with the RESD staff while conducting the audit.

The District concurs with the audit finding identified for the FY 2012 Preliminary Performance Audit. The District has worked diligently in implementing procedures and due diligence processes that will address the finding cited in the Performance Audit. The District has and will continue to monitor all processes to reduce any further findings in the future. RESD prides itself on being transparent and responsible with the expenditures of public funds. Based on the information shared by your staff throughout the Performance Audit process, we have been able to implement immediate changes and improvements that are comprehensive and specifically address the recommendations cited in the Preliminary Audit Report. Attached is the District's responses to each of the findings in the report.

Please do not hesitate to contact us if there are any questions regarding our responses.

Sincerely,

Dr. Jaime Rivera
Superintendent of Schools

Finding 1: District lacked adequate accounting and computer controls to protect it from errors and fraud

District Response: The District recognizes the importance of having in place adequate accounting and computer controls to protect it from errors and fraud. The District agrees with the findings and recommendations as presented.

Recommendation 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.

District Response: This has always been and continues to be the District's practice/policy as required by the USFR. The District recognizes that required advance personnel/payroll action forms in this instance were not maintained in employees personnel files due to missing/misfiled log documents in the possession of transitioned key school administrative personnel. The District has since strengthened its practice/policy to ensure all applicable and appropriate pay source documents remain solely in the custody of the HR/payroll office and respective employee personnel files.

Recommendation 2: The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.

District Response: The District has strengthened its purchasing policy to hold personally and financially responsible all District employees who violate its "after-the-fact" procurement policy (purchase without an approved/generated PO), regardless of reason. This strengthened policy has become part of the annual new staff orientation agenda as a means to inform everyone of the policy and its violation impact.

Recommendation 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.

District Response: To ensure segregation of duties and to strengthen internal controls the District immediately after the audit removed all applicable business office employees' administrator-level access to the system and has more appropriately limited their accounting system access level to ensure that not one employee has the ability to complete transactions without an independent review.

Recommendation 4: The District should develop and implement a formal process to ensure that terminated employees have their IT network and system access promptly removed.

District Response: The Technology Department in conjunction with the Human Resources Department has implemented and maintains a log, 'AD-Synergy Account Log,' to track all employee user accounts. This log is updated as employees are hired or have left the district.

Recommendation 5: The District should eliminate unnecessary generic user accounts in its network and systems and properly control any remaining generic accounts.

District Response: The Technology Department has implemented a process of exporting all users from Active Directory, "network" and Visions financial system, "and systems," and has removed all generic user accounts. Data is exported from Active Directory and Visions financial system on a monthly basis and cross-referenced with a current employee list which is provided by the Human Resource Department as a means to eliminate unnecessary generic user accounts.

Recommendation 6: The District should limit physical access to its IT server room so that only appropriate personnel have access.

District Response: The Technology Department is in the process of installing a wireless remote lock which contains the following features:

- Remotely (from your phone or computer) lock and unlock your doors (when you want to remotely let someone in simply activate lock from your device to allow the person standing in front of the door to enter - they then have 5 seconds to do so before the lock times out and re-locks - you cannot remotely unlock the door for an indefinite amount of time; when you don't know exact time someone is coming to property, simply assign them a temporary pass-code)
- Receive emails and text messages when a PIN code is used to unlock your door. System stores last 90 days worth of activity so you know who was in your property and when it was accessed.
- Setup unique 4-digit pass-codes for Technology staff, Administrators, guests and office staff (1 master code, plus 18 user capacity)

Since the initial audit, the District has restricted access to and the number of keys to the server room to only appropriate IT Department "authorized personnel."

Recommendation 7: The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.

District Response: The Technology Department developed a disaster recovery plan during the time of the audit. Although the plan was developed and completed at that time, the Auditor General's audit personnel did not accept it as having been implemented and active prior to the audit. Said plan was thereafter implemented and has been active ever since.

Finding 2: District's solar power system contracts unlikely to meet expectations for cost savings

District Response: The District agrees with this finding and has for several years tried to resolve this issue with the guaranteed energy savings vendor and now with legal counsel to find a resolution to this matter.

Recommendation 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.

District Response: The District provided notice to its pre-paid legal provider and legal counsel was assigned to represent the District concerning this matter. The District

provided legal notice to its guaranteed energy savings vendor of deficiencies in the guaranteed cost savings projected. Although the vendor was initially unresponsive, after being provided a draft legal complaint, the vendor is now investigating the matter and the parties are negotiating towards a resolution to resolve this issue.

Recommendation 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.

District Response: The District provided notice to its pre-paid legal provider and legal counsel was assigned to represent the District concerning this matter. The District provided legal notice to its guaranteed energy savings vendor of deficiencies in the guaranteed cost savings projected. Although the vendor was initially unresponsive, after being provided a draft legal complaint, the vendor is now investigating the matter and the parties are negotiating towards a resolution to resolve this issue.

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

District Response: The District agrees with the finding although it believes a system glitch with ADE Common Logon 'Transportation Routes' reporting system might have created the over reporting of 'Eligible Route Miles' during the reconciliation and generation of the 'Vehicle Inventory' and 'Transportation Routes' reports.

Recommendation 1: The District should ensure that it conducts all required random drug and alcohol testing as specified in the *Minimum Standards*.

District Response: Immediately upon being alerted from the Auditor General audit personnel during the audit exit interview, the district implemented a formal process through the human resource department on scheduled random drug and alcohol testing for the transportation department. As of today, the District has, and is, in full compliance for all subsequent years after notification.

Recommendation 2: The District should accurately calculate and report miles driven and students transported for state transportation funding purposes.

District Response: The District has fully analyzed to ascertain the cause of over reporting of 'Eligible Route Miles,' and has concluded based on District personnel recollection and then generated 'Vehicle Inventory' and 'Transportation Routes' reports, that there is enough evidence to indicate that an ADE Common Logon 'Transportation Routes' reporting system glitch might have been the cause of the over reporting of 'Eligible Route Miles' during the reconciliation and generation of the 'Vehicle Inventory' and 'Transportation Routes' reports. All previous and subsequent 'Vehicle Inventory' and 'Transportation Routes' reports calculated accurately.

Recommendation 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.

District Response: The District will contact ADE regarding the over reporting of 'Eligible Route Miles,' ADE Common Logon 'Transportation Routes' reporting system glitch that might have caused the over reporting and for guidance on how to correct funding errors caused by the misreported mileage.