



SALOME ELEMENTARY SCHOOL

September 23, 2014

Debbie Davenport
Office of the Auditor General
2910 North 44th Street
Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

This response will address the findings your team identified from your visit. The District agreed with all findings and will implement the recommendations.

Finding #1

A. Inadequate accounting and computer controls increased risk of errors and fraud.

*Inadequate payroll, purchasing and cash-collection controls: The District agrees with the finding and although with a small office staff of 3 including the District Administrator the District will address the issue of separation of duties to prevent a single person from having control over the entire system.

*Some purchases lacked proper approval and support: The District agrees with the finding and recognizes that there were 10 transactions from the auditors sample that did not follow our procedure and missed appropriate approval. The District will assure that supporting documentation accompany the transaction. The District will review procedures for all of these. The District will include verification of services received and payment to vendors.

*Student Activities cash collections lacked adequate controls: The District agrees with the finding and now the District currently follows procedures that includes all cash is counted in the presence of student representatives or the sponsor and an original receipt is given to them.

B. Inadequate computer controls

*Broad access to accounting system: The District agrees with the finding and will work with the county to clean up those accounts not needed. The District will also work with the vendor to clean up accounts not currently being used. The District will again work with the county to improve security and access to the accounting system and improve this area.

*Generic student information system accounts: The District agrees with the finding and will work with the vendor to clean up the unused accounts and improve security and access.

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*Weak password requirements: The District agrees with the finding and has installed an Active Directory that includes changing passwords that includes complexity on all user accounts every 60 days. This also includes all student information system users and accounting software users.

*No process to limit or monitor installation of unauthorized software: The District agrees with the finding and with the installation of the Active Directory there will be no access to install just any program without approval from the District Administrator. The Active Directory restricts all users from being able to install.

*Inadequate backup procedures could result in interrupted operations or loss of data: The District agrees with the finding and although the District did have backups being performed on campus we recognize that backups were kept in the same location and will now be stored in a separate location other than the server room. The District is correcting this by storing all backups at a separate location.

*Outdated and unsupported systems increased vulnerability: The District agrees with the finding and as this response has replaced all out-dated computers and operating systems within the District. The District also has included critical software updates and has made that a part of our regular process. The District has maintained an inventory list but now will include the operating systems that are being used within the District.

*No written agreement for maintaining district accounting system: The District agrees with the finding and will work with the County to get something in place.

C. The District did not accurately report its costs: The District agrees with the finding and improve Coding errors with additional training with the Uniform Chart of Accounts for school districts.

Finding #2

A. District's participation in special NSLP provision likely increased need to subsidize food service program.

*District chose to participate in a program the provides all students with free meals: The District agrees with the finding and will assess the program for costs and benefits for future participation.

*Participation reduced revenues: The District agrees with the finding and will assess the program for future participation.

*Participation likely did not reduce costs: The District agrees with the finding and will assess the program for future participation.

B. Lack of control over sale of adult meals: The District agrees with the finding and has implemented a lunch card system that requires adults to purchase a lunch card from the front office and each time the card is used it is punched in the cafeteria. Lunches are not allowed without a lunch card.

Finding #3

A. The District should strengthen its transportation program's controls

*District lacked adequate procedures to ensure its bus drivers met certification requirements: The District agrees with the finding and although certification requirements had been current for drivers all documentation was misfiled and could not be produced. The District will get copies of all appropriate documentation concerning certification refresher courses from the TRUST and create a filing system to track all requirements for drivers.

*None of the drivers files had evidence that the drivers had received random drug and alcohol tests in fiscal years 2012 or 2013: The District agrees with the finding and will implement a random drug and alcohol test program according to requirements.

B. Poor controls over fuel inventory increase risk of theft.

*Keys not adequately secured: The District agrees with the finding and will implement a procedure to check out and track keys used to fuel all District vehicles. The District will maintain accurate fuel logs and reconcile with fuel purchases and monitor all mileage and usage.

*Fuel usage logs not compared to fuel purchases: The District agrees with the finding and will create a procedure to reconcile fuel logs with fuel purchases to obtain an accurate accounting of fuel usage. The District will also request the fuel vendor to identify fueling dates and times on billing statements.

Other Findings

A. District may be able to improve efficiency and lower costs through cooperative agreements.

*The District will continue to seek out ways to expand on the sharing of services and personnel with other schools and the LaPaz County School Superintendent's Office.

For questions and additional information please contact my office at (928)859-3339.

Sincerely,

George Dean
District Administrator
Salome Consolidated Elementary School District #30