SANTA CRUZ VALLEY
Unified School District No. 35
Educate Everyone Every Day

August 25, 2015

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

Attn: Ms. Debra Davenport, Auditor General
Ms. Vicki Hanson –Manager School Audits

Re: SCVUSD No. 35 Performance Audit – FY12

Dear Ms. Davenport and Ms. Hanson,

Santa Cruz Valley Unified School District No. 35 respectfully submits our response to the Performance Audit conducted by the Auditor General for fiscal year 2012. First, I would like to recognize and commend Ms. Hanson and her staff for their professionalism and cooperation as we worked together to complete this Performance Audit. We appreciate their guidance and recommendations to improve our performance.

We also appreciate the recognition that our student achievement was on par with our peers as the District received an "A" from the Arizona Department of Education Accountability System. We also believe that it was significant that our District's per pupil administrative costs were much lower than peer Districts'. We believe that this verifies Santa Cruz Valley Unified School District No. 35's commitment to fiscal responsibility and student achievement.

We also understand that despite our overall positive findings, it is important for us to continue to review our practices and improve. Santa Cruz Valley Unified School District No. 35 is committed to being excellent stewards of public funds. We intend to implement all recommendations of the Performance Auditors to ensure we are performing in the most effective and efficient manner.

Sincerely,

David Y. Verdugo
Superintendent

David Y. Verdugo
Superintendent

Stephen Schadler
Assistant Superintendent

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Finding 1: Inadequate computer controls increased risk of errors and fraud

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

Recommendation 1: The District should implement and enforce stronger password requirements related to length, complexity, and expiration.

District Response: The District agrees with finding and accepts recommendation. Policy was strengthened to include the following parameters: Enforce password history, maximum password age, minimum password age, minimum password length, and password must meet certain complexity requirements

Recommendation 2: The District should limit employees' access to only those accounting system functions needed to perform their work to ensure that no single employee can complete transactions without an independent review.

District Response: The District agrees with finding and accepts recommendation. To ensure segregation of duties and to strengthen internal controls the District will transition the administration of the accounting system functions to another department within the District Office.

Recommendation 3: The District should eliminate or minimize generic user accounts for its network and critical systems and properly control any generic accounts that are considered necessary by disabling them when not in use.

District Response: The District agrees with finding and accepts recommendation. Generic accounts have been eliminated. All students and staff are given unique accounts to access the local network. Accounts assigned to vendors who service the District are disabled when not being used on an active open ticket with the vendor.

Recommendation 4: The District should promptly remove employee computer network access upon termination of employment.

District Response: The District agrees with finding and accepts recommendation. A direct line of communication was established by Human Resources to notify IT of employees that no longer are employed ensuring that these accounts are disabled or deleted.

Recommendation 5: The District should develop a method to ensure that security incidents are detected in a timely fashion.

District Response: The District agrees with finding and accepts recommendation. The District's IT personnel is now performing periodic monitoring of systems for security breaches and are instructed to document and catalog security incidents. District is now actively promoting security awareness within the District to help prevent incidents from occurring. IT personnel performs periodic support system and network auditing. IT personnel continuously research and learn about new vulnerabilities and attack strategies employed by attackers and research new software patches. District employs

a WSUS server to deploy the latest security patches. The District now employs a CISCO call manager that alerts district management in the event of a 911 call placed within the District. CISCO equipment is configured to notify the IT manager in the event of an interruption or outage of the call number.

Recommendation 6: The District should create a formal IT disaster recovery plan and test it periodically to identify and remedy deficiencies.

District Response: The District agrees finding and accepts recommendation. The District implemented a formal IT disaster recovery plan which includes periodic tests of backup data.

Other Findings 1: Interest charges incurred because of partial payments

District Response: In the event the District does not receive supporting documentation from employees in a timely manner, the District will process payment on time to prevent any interest charges. The District will follow up with employees to collect any necessary supporting documentation.

Recommendation: The District should ensure that it pays credit card balances in full each billing cycle to avoid interest charges.

District Response: District agrees with finding and will follow recommendation.

Other Findings 2: District did not accurately report its costs

District Response: The District will conduct internal coding reviews on a regular basis to ensure coding is in accordance with the Uniform Chart of Accounts.

Recommendation: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: District agrees with finding and will follow recommendation.