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**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

April 27, 2017

The Honorable Bob Worsley, Chair  
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Worsley and Representative Kern:

Our Office has recently completed a 24-month followup of the Winslow Unified School District's implementation status for the 16 audit recommendations presented in the performance audit report released in December 2014. As the enclosed grid indicates:

- 10 recommendations have been implemented;
- 3 recommendations are in the process of being implemented; and
- 3 recommendations have not 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 December 2014 performance audit.

Sincerely,

Vicki Hanson  
Director, Division of School Audits

VH:bh  
Enclosure

cc: Ms. Cyndie Mattox, Superintendent  
Governing Board  
Winslow Unified School District

# WINSLOW UNIFIED SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued December 2014 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: District had high administrative costs and inadequate accounting and computer controls</b>	
1. The District should review its administrative positions and related duties to determine how it can reduce administrative costs.	<b>Implementation in process</b> The District has made some changes to reduce administrative costs since the audit, and its fiscal year 2016 costs were slightly lower than its costs in the audit year while peer districts' average costs increased 6 percent during this same time. However, Winslow USD's fiscal year 2016 administrative costs were still 15 percent higher than the peer districts' average. According to district officials, the assistant superintendent position was eliminated in April 2017, which should reduce the District's costs to be more in line with peers'.
2. The District should ensure that it follows proper purchasing processes as outlined in the <i>Uniform System of Financial Records for Arizona School Districts</i> , including ensuring proper approval before making purchases.	<b>Implemented at 6 months</b>
3. The District should implement and enforce password requirements related to password complexity and expiration, and only the user should know passwords.	<b>Implemented at 12 months</b>
4. The District should limit employees' access to only those accounting system functions needed to perform their work.	<b>Implemented at 12 months</b>
5. The District should eliminate or minimize generic user accounts in its accounting system.	<b>Implemented at 6 months</b>
6. The District should develop and implement a formal process to ensure that terminated employees have their IT systems and network access promptly removed.	<b>Implemented at 12 months</b>

Recommendation	Status/Additional Explanation
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p><b>Implementation in process</b></p> <p>The District developed an IT disaster recovery plan and is performing data backups. However, the plan is missing some key components, such as detailed recovery procedures and a contact list and job duties in the event of an incident. The District is planning to revise its disaster recovery plan to include the missing components.</p>
8. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p><b>Implemented at 12 months</b></p>

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**FINDING 2: District spent more on plant operations primarily for excess building space**

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1. Because of the large amount of excess space at the high school, the District should evaluate the use of space at this campus and determine if it could close any of the unused space to reduce heating, cooling, and maintenance costs.	<p><b>Implementation in process</b></p> <p>The District has taken some measures, such as installing motion-sensor lighting and temperature controls in classrooms, in an attempt to reduce costs at the high school. Further, district officials stated that the District is no longer heating and cooling rooms that are not used. However, district-wide, the District's cost per square foot and cost per pupil have increased since the audit year and remain high compared to its peer districts' average costs. District officials stated that they will continue to evaluate the excess space at its schools.</p>
2. The District should consider changing the grade configurations of its elementary and junior high schools to allow it to reduce plant operations costs by closing excess building space.	<p><b>Not implemented</b></p> <p>Although the District has begun monitoring the use of space at each of its schools and made some changes to better distribute students between its schools, the District has not made substantial changes to reduce its excess building space. At the time of the audit, auditors found that if the District were to change the grade levels attending its junior high school to include 6th through 8th grade students rather than just 7th and 8th grade students, any two of its three remaining elementary schools had enough capacity to accommodate all of the District's elementary students. Further, the District's three elementary schools are all within 3 miles of each other, and two of these schools are just one-half mile apart. Although the District's student enrollment has remained virtually the same since the audit year, the District continues to operate all three elementary schools.</p>

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**Recommendation**

**Status/Additional Explanation**

**FINDING 3: District did not sufficiently oversee food service program**

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| 1. The District should thoroughly review its food service vendor invoices to ensure that amounts billed are accurate and in accordance with the terms of its contract.  | <b>Implemented at 12 months</b>  |
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| 2. The District should seek counsel regarding the legality of its catering program. If the District continues catering services, it should properly oversee the program and ensure that the District receives all catering revenues and that such revenues cover related costs.   | <b>Not implemented</b><br>Although the District has implemented procedures to help ensure that it receives all catering revenues, it has not determined the actual cost of the catering services, and therefore, has not determined whether catering revenues are adequate to cover related costs. Further, the District has not provided auditors with a formal opinion from its counsel on the legality of its catering program.                                   |
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| 3. The District should consider rebidding its food service contract to obtain a contract based on cost per meal rather than cost reimbursement. If the District continues to use a cost reimbursement contract for its food service program, it should work with its vendor to evaluate its food service operations and ensure that operations are efficient. | <b>Implemented at 12 months</b><br>During the 12-month followup, auditors reported that although the District continued to use a cost reimbursement contract for its food service program, it was overseeing food service operations more closely to ensure that operations are efficient. The District was able to lower its fiscal year 2015 cost per meal to \$2.37, which was 15 percent lower than peer districts' and 14 percent lower than in the audit year. |
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**FINDING 4: District should improve controls over transportation program**

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| 1. The District should strengthen its controls and oversight over fuel card purchases, including ensuring receipts are submitted for all purchases, reconciling fuel receipts to billing statements, and investigating unusual purchases. The District should also consider working with its vendor to collect fuel purchase information as part of the fueling process. | <b>Implemented at 12 months</b>   |
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| 2. The District should ensure that bus preventative maintenance is conducted in a systematic and timely manner in accordance with district policy and the State's <i>Minimum Standards</i> .   | <b>Not implemented</b><br>The District implemented a new procedure that district officials stated was designed to ensure that school bus preventative maintenance is conducted in a systematic and timely manner. However, auditors found that four of the five buses reviewed drove more than the District's 12,500-mile policy without being serviced. District officials stated that they are working to improve their procedures to ensure they follow district policy. |
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| 3. The District should accurately calculate and report to the Arizona Department of Education the riders transported for state funding purposes.   | <b>Implemented at 6 months</b>  |
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