



Aguila Elementary School District #63

P.O. Box 218 * 50023 N. 514th Ave. * Aguila, AZ 85320

Phone: 928-685-2222 * Fax 928-685-2433

www.aguilaschool.org

July 26, 2023

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

Ms. Lindsey Perry,

Aguila Elementary School District #63 has received and reviewed the Fiscal Year 2021 Performance Audit Report. The District would like to share our appreciation to the audit team and the professionalism while conducting the audit. After review and reflection, the District agrees with the findings and recommendations.

The District has or is implementing the recommendations and will work diligently to improve the processes and procedures as provided in the findings and look forward to working with and learning from the team in the follow-up period.

Please find attached the District's response to each finding and recommendation.

Regards,

Andy Wannemacher, Ed.D.
Superintendent/Principal

Finding 1: District did not comply with important cash-handling and payroll requirements, putting public monies at an increased risk of errors, fraud, and improper payments.

Recommendation 1: The District should develop and implement written cash-handling policies and procedures for cash collection, deposit, and review.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has developed and implemented cash handling procedures according to the Uniform System of Financial Records (USFR). We continue to monitor and improve this process.

Recommendation 2: The District should prepare and maintain evidence, such as sequential, prenumbered receipts or a mail log, for all cash received.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation and continues to monitor the process.

Recommendation 3: The District should separate cash-handling duties from employees with recordkeeping responsibilities, such as requiring a separate employee to prepare either deposits or reconciliations, but not both. If adequate separation is not possible due to the District's limited staff size, ensure adequate management review procedures are in place, such as requiring an employee without cash-handling responsibilities to review cash receipt, deposit, and reconciliation documentation, to protect public monies from potential errors and fraud.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation and continues to monitor the process.

Recommendation 4: The District should provide training on USFR cash-handling requirements and its cash-handling policies and procedures to all employees involved in cash collection, deposit, and review.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will conduct an annual USFR training for all staff involved in cash collection, deposit, and review.

Recommendation 5: The District should develop formal, written policies and procedures for its payroll process in accordance with USFR requirements and provide training to staff on these policies and procedures to reduce the risk of errors and incorrect payments.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Recommendation 6: The District should ensure it follows its payroll policies and procedures, including its procedures for rounding employee hours worked and compensatory time accrual.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Recommendation 7: The District should require a supervisory review during its payroll process or develop and implement other compensatory controls to ensure that all hourly employees are paid accurately based on actual hours worked.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Recommendation 8: The District should identify and correct over- and underpayments made to all current hourly employees from fiscal year 2021 to the present, including the over- and underpayments we identified.

District Response: The finding of the Auditor General is agreed to, and a different method of dealing with the finding will be implemented.

Response explanation: The District has purchased and implemented an automated time clock system. The District will review this finding with the school board and decide how to proceed.

Finding 2: District put student safety and District property at risk by not systematically performing school bus operations checks and preventative maintenance, and not restricting equipment and building access to appropriate personnel.

Recommendation 9: The District should develop and implement written policies and procedures for school bus operations checks and preventative maintenance to ensure school passengers' safety and extend the useful life of its school buses. Specifically, to comply with DPS Minimum Standards, these policies and procedures should:

- a. Include lists of items required to be inspected by school bus drivers before a school bus is operated for the first time each day and for each subsequent operation;

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented a daily checklist for all bus drivers to follow.

- b. Include a schedule of when mechanics should perform preventative maintenance, including maximum mileage and time frame intervals, and what maintenance work should be completed; and

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented an annual preventative maintenance plan.

- c. Train and require that District employees, including school bus drivers, perform and document required school bus operations checks and preventative maintenance in a systematic and timely manner.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Recommendation 10: The District should conduct a physical key inventory to determine how many facility District keys exist, including how many are distributed and to whom.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Recommendation 11: The District should develop and implement a written policy for distributing, tracking, and collecting keys that requires employees to sign user agreements outlining their responsibilities as a key holder and that would allow the District to account for all distributed and collected keys.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Finding 3: District's excessive access to its sensitive computerized data and lack of security awareness training increased risk of unauthorized access, errors, fraud, and data loss.

Recommendation 12: The District should protect its sensitive computerized data by limiting users' access in the accounting system to only those accounting system functions needed to perform their job duties, including removing the business office employee's administrator-level access.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 13: The District should establish and implement written policies and procedures to assign and periodically review accounting system access for employee accounts in the accounting system to ensure they have access to only those accounting system functions needed to perform their job duties.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 14: The District should immediately disable or remove all network accounts associated with terminated employees.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 15: The District should evaluate and document the effects of terminated employees having accessed the District's network after their employment ended, such as any unauthorized activities or changes that may have occurred as a result of the improper access, and remedy any identified effects.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Recommendation 16: The District should establish and implement written policies and procedures to ensure terminated employees' network access is promptly removed.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 17: The District should require and track employee participation in security awareness training for employees who have not done so in the past year.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 18: The District should establish and implement written policies and procedures to conduct security awareness training that meets USFR requirements and follows credible industry standards, is provided to its employees at least annually, and includes documentation of training completion.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.