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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

September 3, 2015

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Burges and Representative Allen:

Our Office has recently completed a 12-month followup of the Duncan Unified School District's implementation status for the 7 audit recommendations presented in the performance audit report released in August 2014. As the enclosed grid indicates:

- 3 recommendations have been implemented, and
- 4 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Mr. Eldon Merrell, Superintendent
Governing Board
Duncan Unified School District

DUNCAN UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued August 2014

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: Inadequate purchasing and computer controls increased risk of errors and fraud	
1. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.	Implemented at 12 months
2. The District should review employee access to the accounting system and modify access to ensure that an employee cannot initiate and complete a transaction without independent review and that employees have only the access necessary to meet their job responsibilities.	Implementation in process The District is in the process of reviewing and modifying employee access to its accounting system. Auditors will review this recommendation again at the 18-month follow-up.
3. The District should implement and enforce password requirements related to password length, complexity, and expiration.	Implementation in process The District made appropriate improvements to its accounting system password settings and is working to improve its student information system password requirements. Auditors will review this recommendation again at the 18-month followup.
4. The District should limit physical access to its IT server rooms so that only appropriate personnel have access.	Implemented at 12 months
5. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	Implementation in process The District has developed a disaster recovery plan. However, the plan is missing some important elements, such as network configuration information and procedures for testing the plan periodically. The District is continuing to work to ensure that its disaster recovery plan contains all important elements. Auditors will review this recommendation again at the 18-month follow-up.

Recommendation

Status/Additional Explanation

OTHER FINDINGS 1: District reported eligible riders, not actual, for student transportation funding

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1. As statute requires for state funding purposes and also to help it evaluate its transportation program's efficiency, the District should determine and report to the Arizona Department of Education the actual number of students transported.

Implementation in process

The District has implemented a new process that should produce accurate counts of the actual number of students transported. Auditors will review this recommendation again once the District has submitted its fiscal year 2016 rider counts to the Arizona Department of Education.

OTHER FINDINGS 2: District should ensure that it meets all statutory requirements for inmate worker documentation

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1. In order to comply with statute and its own policy, the District needs to identify inmate workers as persons eligible for exemption from the fingerprint clearance card requirements of A.R.S. §15-512.H, and prepare a written determination of such an exemption.

Implemented at 12 months