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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

March 2, 2016

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed an 18-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:

- 5 recommendations have been implemented, and
- 2 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 18-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 reviewed and modified employee access to its accounting system. However, auditors reviewed the user access report for the six users with access to the accounting system and found that three employees still had more access to the accounting system than they needed to perform their job duties. Auditors will review this recommendation again at the 24-month followup.
3. The District should implement and enforce password requirements related to password length, complexity, and expiration.	Implemented at 18 months
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 24-month followup.
OTHER FINDINGS 1: District reported eligible riders, not actual, for student transportation funding	
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.	Implemented at 18 months

Recommendation**Status/Additional Explanation****OTHER FINDINGS 2: District should ensure that it meets all statutory requirements for inmate worker documentation**

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
