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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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DEPUTY AUDITOR GENERAL

June 30, 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 a 12-month followup of the Kayenta Unified School District's implementation status for the 11 audit recommendations presented in the performance audit report released in May 2015. As the enclosed grid indicates:

- 2 recommendations have been implemented, and
- 9 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,

Vicki Hanson
Director, Division of School Audits

VH:lc
Enclosure

cc: Dr. Bryce Anderson, Superintendent
Governing Board
Kayenta Unified School District

KAYENTA UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued May 2015

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: Inadequate computer controls increased risk of errors and fraud	
1. The District should implement and enforce stronger password requirements related to password length and ensure that passwords are known only to the users who create them by requiring users to change assigned passwords at first login.	<p>Implementation in process</p> <p>The District has now implemented adequate password requirements over its student information system but has not yet implemented adequate password requirements over its network. Auditors will review this recommendation again at the 18-month followup.</p>
2. The District should eliminate or minimize generic user accounts on its network and for its critical systems for greater accountability.	<p>Implementation in process</p> <p>The District continues to maintain more generic accounts on its network and accounting system than are necessary. District officials indicated that they will continue to review opportunities to eliminate and minimize generic user accounts. Auditors will review this recommendation again at the 18-month followup.</p>
3. The District should limit employees' access to the accounting system to only the access necessary to meet their job responsibilities to help ensure that no single employee can complete transactions without an independent review.	<p>Implementation in process</p> <p>Auditors reviewed employees' access to the District's accounting system for 11 of 47 users and found that four employees have too much access within the accounting system. One has full access, allowing the employee to perform all accounting system functions without an independent review; two have the ability to initiate and complete a transaction without an independent review; and one has more access than is required by her job duties. District officials indicated that they will further review access to the accounting system to ensure that employees' access is appropriate. Auditors will review this recommendation again at the 18-month followup.</p>
4. The District should develop and implement a formal process to ensure that employees have their computer network and systems access removed promptly upon termination of employment.	<p>Implementation in process</p> <p>The District implemented new procedures to remove terminated employees' computer network and systems access; however, the procedures need to be strengthened to ensure greater timeliness. Auditors will review this recommendation again at the 18-month followup.</p>
5. The District should develop a process to monitor computers for installation of unauthorized software or implement controls to restrict employees' ability to install unauthorized software on district computers.	<p>Implemented at 12 months</p>

Recommendation	Status/Additional Explanation
6. The District should create a formal IT disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p>Implementation in process The District is in the process of developing a formal disaster recovery plan and testing procedures. Auditors will review this recommendation again at the 18-month followup.</p>
7. The District should store backup drives in a secure location, separate from its primary data center.	<p>Implemented at 12 months</p>

FINDING 2: District has been working to address its high plant operations costs

1. The District should continue to look for ways to rent out more of the primary school's excess space. Additionally, the District should continue to look for ways to reduce identified excess space and the costs associated with it at its other schools.	<p>Implementation in process The District is currently evaluating options to utilize its excess space. Auditors will review this recommendation again at the 18-month followup.</p>
2. The District should evaluate its employee housing rental rates and costs and, if the District continues to subsidize its employee housing, determine the costs and benefits of doing so.	<p>Implementation in process The District has increased the rates it charges for its employee housing units by 8 percent, on average, since the audit year. Auditor review of fiscal-year-to-date revenues and costs indicate that the District will continue to subsidize its employee housing in fiscal year 2016, but its fiscal year 2016 subsidy will likely be less than it was during the audit year. District officials indicated that they plan to further review employee housing rental rates. Auditors will review any changes the District makes for fiscal year 2017 and calculate the final fiscal year 2016 subsidy amount during the 18-month followup, when complete fiscal year 2016 accounting data is available.</p>

FINDING 3: Efficient practices kept food service costs low

No recommendations

OTHER FINDING 1: District lacked adequate procedures to maintain its buses

1. 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> .	<p>Implementation in process The District recently installed GPS devices on its buses to track mileage and plans to implement a new software program to track when a bus is nearing a preventative maintenance mileage interval. Auditors will review this recommendation further at the 18-month followup after the District has had time to implement this new procedure.</p>
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Recommendation

Status/Additional Explanation

OTHER FINDING 2: District stored items that could be sold as surplus

1. The District should organize and maintain its property to protect it from theft and properly dispose of any surplus property in accordance with Arizona Administrative Code R7-2-1131.

Implementation in process

The District is in the process of properly disposing of its surplus property. District officials estimate that they have disposed of 50 percent of the surplus property since the audit report was issued and have intentions of disposing of the remaining surplus property. Auditors will review this recommendation again at the 18-month followup.
