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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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DEPUTY AUDITOR GENERAL

December 22, 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 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:bh
Enclosure

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

KAYENTA UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued May 2015

18-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 The District has 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 24-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 The District has eliminated unnecessary generic accounts from its network and student information system but continues to maintain more generic accounts than are necessary on its accounting system. Auditors will review this recommendation again at the 24-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 The District continues to grant some users more access to the accounting system than is appropriate. Auditors identified two employees whose system access allows them to initiate and complete transactions without an independent review. Auditors will review this recommendation again at the 24-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 The District has implemented new procedures to ensure that terminated employees have their computer network and system access promptly removed. However, the procedures need to be improved as auditors found three network user accounts that were linked to employees who no longer work for the District. Auditors will review this recommendation again at the 24-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 intends to have the plan completed and tested by the 24-month followup. Auditors will review this recommendation again at the 24-month followup.</p>
7. The District should store backup drives in a secure location, separate from its primary data center.	Implemented at 12 months

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 renting out space at its primary school to seven community groups and continues to explore ways to reduce excess space at the District's remaining schools. Auditors will review this recommendation again at the 24-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 employee housing rental rates and collected 23 percent more revenues in fiscal year 2016 than it did during the audit year. As a result, the District did not subsidize its employee housing in fiscal year 2016. District officials indicated that they plan to further review employee housing rental rates during fiscal year 2017 in order to cover the costs of maintenance positions that were vacant in fiscal year 2016 but that have been filled in fiscal year 2017. Auditors will review any changes the District makes at the 24-month followup.</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 has recently completed implementation of new GPS software that will collect bus mileage and help the District monitor when preventative maintenance services are due. Auditors will review this recommendation at the 24-month followup after the District has had sufficient time to conduct preventative maintenance services using this new software.</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 indicated that surplus material it continues to store is outdated and unusable. District officials intend to properly dispose of the remaining surplus property during spring 2017. Auditors will review this recommendation again at the 24-month followup.
