



PAYSON UNIFIED SCHOOL DISTRICT NO.10

OFFICE OF THE SUPERINTENDENT

March 6, 2015

Debra Davenport
Auditor General
State of Arizona
2910 N 44th Street, Suite 410
Phoenix, AZ 85018

RE: Response to Payson Unified School District 2011-12 Performance Audit

Dear Ms. Davenport,

Payson Unified School District respectfully submits our response to the Performance Audit conducted by the Auditor General for fiscal year 2012. We appreciate the professionalism of your staff during the audit and their guidance in implementing recommendations to improve performance.

We specifically credit the Auditor General's staff for identifying terms of the Food Service Management Contract that were not adhered to, resulting in the District's ability to recover over \$36,000 of overpayments. The knowledge of the auditors and ability to decipher complex contract language is both valued and appreciated.

Payson Unified School District is committed to being excellent stewards of public funds. We intend to implement all recommendations of the Performance Auditors to ensure we are performing in the most effective and efficient manner.

Sincerely,

Dr. Gregory A. Wyman
Superintendent

Finding 1: District needs to strengthen controls over computer network and systems

District Response: The District concurs with this finding and has taken steps to strengthen controls over computer network and systems.

Recommendation 1: The District should implement and enforce stronger password controls by requiring its employees to use more complex passwords.

District Response: The District concurs with this finding. We have implemented more complex password requirements.

Recommendation 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 approval and that employees have only the access necessary to meet their job responsibilities.

District Response: The District concurs with this finding. We will implement the auditors' recommendation of transferring the accounting system full security access from the Director of Business Services to the IT Director to enable security logs to be more easily monitored for potentially inappropriate transactions. The IT Director will consult the Director of Business Services for guidance in appropriate user role accessibility.

Recommendation 3: The District should develop and implement a formal process to ensure that terminated employees have their IT network and systems access promptly removed.

District Response: The District concurs with this finding. We have implemented procedures that ensure terminated employees' access to network and systems is removed promptly.

Recommendation 4: The District should review its formal disaster recovery plan to ensure that it is complete and test it periodically to identify and remedy deficiencies.

District Response: The District concurs with this finding. We have a technology plan in place that includes the replacement and implementation of new servers in March, 2015. The Disaster Plan is under review to revise backup procedures; detail a process for restoring data; and detail a process for testing on a periodic schedule to ensure effectiveness.

Finding 2: High food service costs led to program subsidy of more than \$24,000

District Response: The District concurs with this finding and, based on the auditors' recommendation, has since re-bid the Food Service Management contract in an effort to obtain more favorable contract terms while ensuring costs are contained.

Recommendation 1: The District should monitor food service costs throughout the fiscal year to help ensure they are necessary and reasonable.

District Response: The District concurs with this finding. We will closely monitor costs throughout the fiscal year.

Recommendation 2: The District should consider rebidding its food service contract to obtain more favorable terms, including lower vendor fees and guaranteed profits.

District Response: The District concurs with this finding. Upon the auditors' recommendation, we re-bid the food service management contract in May, 2014 and obtained more favorable contract terms to the District, which will be more easily tracked for compliance.

Recommendation 3: The District should enforce all terms of the food service management contract, including ensuring that it receives the appropriate refunds at the end of each contract year.

District Response: The District concurs with this finding. We appreciate the audit staff's knowledge and guidance in this complex area. In an effort to enforce the previous contract, prior to the performance audit we had engaged an independent audit firm to determine whether or not the terms of the contract had been adhered to. We were not happy with the results that indicated a variance of less than \$2,500 over a two year period. However, with the information provided in this performance audit, the District was able to recover approximately \$36,000 from the Food Service Management Company and the district portion of the independent audit expense. We feel the newly-awarded food service management contract is written in a manner that is more easily monitored for compliance.