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AUDITOR GENERAL

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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 a 12-month followup of the Santa Cruz Valley Unified School District's implementation status for the 8 audit recommendations presented in the performance audit report released in September 2015. As the enclosed grid indicates:

- 5 recommendations have been implemented, and
- 3 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: Mr. David Verdugo, Superintendent
Governing Board
Santa Cruz Valley Unified School District

SANTA CRUZ VALLEY UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued September 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 length, complexity, and expiration. | <p>Implementation in process The District has implemented stronger password requirements for access to its accounting and student information systems. However, the District has not applied the requirements to all user accounts. Auditors will review this recommendation again at the 18-month followup.</p> |
| 2. The District should limit employees' access to only those accounting system functions needed to perform their work to ensure that no single employee can complete transactions without an independent review. | <p>Implemented at 12 months</p> |
| 3. The District should eliminate or minimize generic user accounts for its network and critical systems and properly control any generic accounts that are considered necessary by disabling them when not in use. | <p>Implementation in process The District has eliminated all unnecessary generic user accounts from its accounting system, but auditors identified 25 generic user accounts on the District's network that should be eliminated or disabled. Auditors will review this recommendation again at the 18-month followup.</p> |
| 4. The District should promptly remove employee computer network access upon termination of employment. | <p>Implemented at 6 months</p> |
| 5. The District should develop a method to ensure that security incidents are detected in a timely fashion. | <p>Implemented at 6 months</p> |
| 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 has developed an IT disaster recovery plan. However, the plan is missing several key components, such as data backup and recovery procedures and testing procedures. The District is planning to revise its disaster recovery plan to include the missing components. Auditors will review this recommendation again at the 18-month followup.</p> |

| Recommendation | Status/Additional Explanation |
|---|---------------------------------|
| OTHER FINDING 1: Interest charges incurred because of partial payments | |
| 1. The District should ensure that it pays credit card balances in full each billing cycle to avoid interest charges. | Implemented at 12 months |
| OTHER FINDING 2: District did not accurately report its costs | |
| 1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts. | Implemented at 6 months |