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AUDITOR GENERAL

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June 8, 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 6-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:

- 3 recommendations have been implemented, and
- 5 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: 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 6-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 system but has not applied the requirements to all user accounts. Additionally, the District still needs to implement stronger password requirements for its student information system. Auditors will review this recommendation again at the 12-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>Implementation in process The District is in the process of reviewing user access to the accounting system. Auditors will review this recommendation again at the 12-month followup.</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 eliminated nine generic user accounts in its accounting system, but there is still one generic account with access to the system that can be eliminated or disabled. The District also has 30 generic network accounts that should be eliminated, disabled, or properly controlled if used for technical support. The District is planning to continue reviewing its generic accounts, and auditors will review this recommendation again at the 12-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 and has tested its ability to restore accounting system data from backup files. Auditors identified some improvements that should be made to the plan, and the District is planning to revise it. Auditors will review this recommendation again at the 12-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.

Implementation in process

According to district officials, the District has taken steps to ensure that credit card bills are paid in a timely manner. However, auditors reviewed four fiscal year 2016 statements for one of the District's credit cards and found that balances were not always paid in full and that the District continued to incur finance charges. Auditors will review this recommendation again at the 12-month followup.

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
