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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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DEPUTY AUDITOR GENERAL

May 31, 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 St. David Unified School District's implementation status for the 12 audit recommendations presented in the performance audit report released in December 2014. As the enclosed grid indicates:

- 10 recommendations have been implemented, and
- 2 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. Mark Goodman, Superintendent
Governing Board
St. David Unified School District

ST. DAVID UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued December 2014 18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District lacked adequate accounting and computer controls to protect it from errors and fraud	
1. The District should ensure that additional duties and related payments are addressed in employment contracts or personnel/payroll action forms, approved in advance of the work being performed, and maintained in employee personnel files.	Implemented at 6 months
2. The District should require supervisors to thoroughly review time sheets to help ensure that all employee pay amounts are accurate.	Implemented at 6 months
3. The District should establish and maintain effective internal controls to safeguard cash, including issuing receipts for all cash received and making deposits timely.	Implemented at 6 months
4. 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 that each employee has only the access necessary to meet their job responsibilities.	Implementation in process The District has restricted access to the accounting system for one employee. However, three employees still have more access to the accounting system than is necessary to meet their job responsibilities. Auditors will review this recommendation again at the 24-month followup.
5. The District should implement and enforce password requirements related to password length, complexity, and expiration.	Implemented at 6 months
6. The District should limit physical access to its IT server room so that only appropriate personnel have access.	Implemented at 6 months
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	Implemented at 18 months

Recommendation	Status/Additional Explanation
8. The District should classify all transactions in accordance with the <i>Uniform Chart of Accounts</i> for school districts.	<p>Implementation in process The District has improved its classification of transactions but continues to make some of the same transaction classification errors noted during the audit. Auditors will review this recommendation again at the 24-month followup.</p>

FINDING 2: Improvements needed and some taken to lower District’s high food service costs

1. The District should review its food service staffing levels to determine if changes can be made to produce cost savings.	<p>Implemented at 18 months Since fiscal year 2012 (the audit year), the District has eliminated a part-time cashier position, reducing its food service staffing levels from 2.8 fulltime equivalent (FTE) positions to 2.3 FTE.</p>
2. The District should continue to closely monitor its food service program to identify and implement any additional cost savings measures.	<p>Implemented at 18 months As stated above, the District has reduced its food service staffing levels by 0.5 FTE since the audit year. In addition, the District continues to monitor its food cost per meal and purchase all food and supplies through a purchasing cooperative to further reduce costs. As a result, the District’s fiscal year 2015 cost per meal was 14 percent lower than its cost per meal for fiscal year 2012. Additionally, the District’s cost-saving measures have helped the District reduce its total food service costs by over \$44,000.</p>

FINDING 3: Improvements needed for transportation program recordkeeping and oversight

1. As statute requires for state funding purposes and also to help it evaluate its transportation program’s efficiency, the District should determine and report to the Arizona Department of Education the actual number of students transported.	<p>Implemented at 6 months</p>
2. The District should evaluate and implement additional controls over its fuel inventory to help ensure proper accounting of all fuel deliveries and usage.	<p>Implemented at 18 months</p>