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**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

April 13, 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 Winslow Unified School District's implementation status for the 16 audit recommendations presented in the performance audit report released in December 2014. As the enclosed grid indicates:

- 10 recommendations have been implemented, and
- 6 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. Richard Heister, Superintendent  
Governing Board  
Winslow Unified School District

# WINSLOW UNIFIED SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued December 2014 12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: District had high administrative costs and inadequate accounting and computer controls</b>	
1. The District should review its administrative positions and related duties to determine how it can reduce administrative costs.	<b>Implementation in process</b> The District has reduced its administrative staffing by one full-time equivalent employee since the audit year. However, this reduction is unlikely to have much impact on the District's administrative costs per pupil, which were much higher than its peers'. The District is continuing to review and evaluate its administrative staffing levels to further reduce its costs. Auditors will review this recommendation again at the 18-month followup.
2. The District should ensure that it follows proper purchasing processes as outlined in the <i>Uniform System of Financial Records for Arizona School Districts</i> , including ensuring proper approval before making purchases.	<b>Implemented at 6 months</b>
3. The District should implement and enforce password requirements related to password complexity and expiration, and only the user should know passwords.	<b>Implemented at 12 months</b>
4. The District should limit employees' access to only those accounting system functions needed to perform their work.	<b>Implemented at 12 months</b>
5. The District should eliminate or minimize generic user accounts in its accounting system.	<b>Implemented at 6 months</b>
6. The District should develop and implement a formal process to ensure that terminated employees have their IT systems and network access promptly removed.	<b>Implemented at 12 months</b>
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<b>Implementation in process</b> The District is in the process of developing a formal disaster recovery plan and testing procedures. Auditors will review this recommendation again at the 18-month followup.

Recommendation	Status/Additional Explanation
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8. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

**Implemented at 12 months**

**FINDING 2: District spent more on plant operations primarily for excess building space**

1. Because of the large amount of excess space at the high school, the District should evaluate the use of space at this campus and determine if it could close any of the unused space to reduce heating, cooling, and maintenance costs.

**Implementation in process**  
 The District has taken some measures to close unused space at each of its schools to reduce costs. Most of these measures were taken during the current school year. Therefore, auditors will review this recommendation again at the 18-month followup when final fiscal year 2016 accounting data is available to evaluate cost savings.

2. The District should consider changing the grade configurations of its elementary and junior high schools to allow it to reduce plant operations costs by closing excess building space.

**Implementation in process**  
 The District has changed some of the grade configurations of its elementary schools, which has helped it better distribute students between the schools, and plans to make additional changes in the coming school year. The District has also begun monitoring the use of space at each school and has closed some excess classroom space. However, this is unlikely to result in substantial savings because the District plans to continue operating all three elementary schools. The District should also consider changing its junior high school's grade configurations, which could allow it to close an elementary school. Auditors will review this recommendation again at the 18-month followup.

**FINDING 3: District did not sufficiently oversee food service program**

1. The District should thoroughly review its food service vendor invoices to ensure that amounts billed are accurate and in accordance with the terms of its contract.

**Implemented at 12 months**

2. The District should seek counsel regarding the legality of its catering program. If the District continues catering services, it should properly oversee the program and ensure that the District receives all catering revenues and that such revenues cover related costs.

**Implementation in process**  
 The District has begun reviewing all catering revenues and costs to ensure that such revenues are adequate to cover related costs. The District is continuing to work with counsel regarding the legality of its catering program. Auditors will review this recommendation again at the 18-month followup.

Recommendation	Status/Additional Explanation
<p>3. The District should consider rebidding its food service contract to obtain a contract based on cost per meal rather than cost reimbursement. If the District continues to use a cost reimbursement contract for its food service program, it should work with its vendor to evaluate its food service operations and ensure that operations are efficient.</p>	<p><b>Implemented at 12 months</b>            Although the District continues to use a cost reimbursement contract for its food service program, it is now overseeing the food service operations more closely to ensure that operations are efficient. The District was able to lower its fiscal year 2015 cost per meal to \$2.37, which was 15 percent lower than peer districts' and 14 percent lower than in the audit year.</p>

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**FINDING 4: District should improve controls over transportation program**

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<p>1. The District should strengthen its controls and oversight over fuel card purchases, including ensuring receipts are submitted for all purchases, reconciling fuel receipts to billing statements, and investigating unusual purchases. The District should also consider working with its vendor to collect fuel purchase information as part of the fueling process.</p>	<p><b>Implemented at 12 months</b>            The District is now ensuring that it receives receipts for fuel purchases, reconciles the receipts to the vendor's billing statements, and reviews the fuel purchases for reasonableness. The District also worked with its vendor to collect fuel purchase information on the receipts including date, time, vehicle number, odometer reading, and quantity of fuel pumped.</p>
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<p>2. 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>	<p><b>Implementation in process</b>            The District is in the process of updating its bus preventative maintenance schedule to better reflect the bus manufacturer's recommended guidelines. Auditors will review this recommendation again at the 18-month followup to ensure that the District is maintaining its buses according to this schedule.</p>
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<p>3. The District should accurately calculate and report to the Arizona Department of Education the riders transported for state funding purposes.</p>	<p><b>Implemented at 6 months</b></p>
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