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

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DEPUTY AUDITOR GENERAL

August 31, 2015

The Honorable Judy Burges, Chair  
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Burges and Representative Allen:

Our Office has recently completed a 6-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:

- 3 recommendations have been implemented, and
- 13 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,

Ross Ehrick, CPA  
Director, Division of School Audits

RE: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 6-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 is in the process of reviewing and evaluating its administrative staffing levels. Auditors will review this recommendation again at the 12-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>Implementation in process</b> The District is in the process of developing and implementing stronger password requirements. Auditors will review this recommendation again at the 12-month followup.
4. The District should limit employees' access to only those accounting system functions needed to perform their work.	<b>Implementation in process</b> Auditors reviewed the District's user access report for the seven users identified during the audit as having more access than needed to perform their work and found that five of the users still have more access than necessary. District officials stated that they would continue to review user access and auditors will review this recommendation again at the 12-month followup.
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>Implementation in process</b> The District implemented a new process to help ensure that terminated employees' IT systems and network access is promptly removed. However, auditors identified one terminated employee account that was still active. District officials stated that they will continue to work to ensure that terminated employees' IT systems and network access is promptly removed. Auditors will review this recommendation again at the 12-month followup.

Recommendation	Status/Additional Explanation
7. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p><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 12-month followup.</p>
8. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p><b>Implementation in process</b>            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 12-month followup.</p>

**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.	<p><b>Implementation in process</b>            The District is in the process of evaluating its use of space and looking for ways to reduce heating, cooling, and maintenance costs. Auditors will review this recommendation again at the 12-month followup.</p>
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.	<p><b>Implementation in process</b>            The District is in the process of changing the grade configurations of its elementary schools so that all students in the same grade level attend the same school. However, this is unlikely to result in the closure of excess building space as the District plans to continue operating all three elementary schools. The District should also consider changing the grade configuration of its junior high school which would allow it to actually close excess building space. Auditors will review this recommendation again at the 12-month followup.</p>

**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.	<p><b>Implementation in process</b>            District officials stated that food service vendor invoices are now reviewed in more detail to ensure accuracy. However, the documentation provided by the District did not demonstrate that invoice reviews were sufficiently thorough to ensure accuracy. District officials stated that they will evaluate and improve the process for the review of invoices to help ensure accurate billings. Auditors will review this recommendation again at the 12-month followup.</p>
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Recommendation	Status/Additional Explanation
<p>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.</p>	<p><b>Implementation in process</b>  The District is seeking counsel regarding the legality of its catering program. In the meantime, the District has continued catering services, but has not yet established procedures to properly oversee the program. District officials stated that they will begin work on a process to improve oversight. Auditors will review this recommendation again at the 12-month followup.</p>
<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>Implementation in process</b>  The District rebid its food service contract but again awarded a cost-reimbursement contract. The District is currently in the process of improving its oversight of the program to help ensure efficient food service operations. Auditors will review this recommendation again at the 12-month followup.</p>
<p><b>FINDING 4: District should improve controls over transportation program</b></p>	
<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>Implementation in process</b>  The District has begun a new process for reconciling fuel receipts to the vendor's billing statements. Auditors will review this recommendation again at the 12-month followup after the new process has been in place for a longer period of time.</p>
<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 has begun an improved process to help ensure preventative maintenance is conducted in a systematic and timely manner. Auditors will review this recommendation again at the 12-month followup after the process has been in place for a longer period of time.</p>
<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>