

Bouse Elementary School District No. 26  
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September 13, 2016

Debra K. Davenport  
State of Arizona  
Office of the Auditor General  
2910 N. 44th Street  
Ste. 410  
Phoenix, AZ 85018

Dear Debra K. Davenport,

We have reviewed the preliminary report for Bouse Elementary School District performance audit, which was conducted pursuant to Arizona Revised Statutes. The District agrees to implement the recommendations made by the Auditor General's Office.

Please contact me if you have further questions.

Sincerely,

Gloria Dean

## **Finding 1: Accounting and computer controls need strengthening**

District Response: District agrees with finding. In Progress and La Paz County District Office will be assisting more with training opportunities so new employees will follow best practices. In progress and the district has employed an IT professional that has experience with school districts and therefore computer security has been strengthened.

**Recommendation 1:** The District should prepare and retain a current and accurate contract for each employee to document employment terms and ensure that employees are paid according to those terms.

District Response: The District will implement the recommendation. In progress and The District will prepare and retain a current and accurate contract for each employee to document terms and ensure that employees are paid according to those terms.

**Recommendation 2:** 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.

District Response: The District will implement the recommendation. A Payroll Action Request form will be used for summer school and other compensated duties outside of the original contract. A Job Description shall accompany each contract. We have in place a procedure that has the Business Manager entering figures directly from the previously approved contracts into the software. Directly following the entrance of contract figures the figures will be checked by a second party for accuracy. The contract will be initialed by both parties after the figures are found to be correct and the contract will be placed in the employee's file.

**Recommendation 3:** The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.

District Response: The District will implement the recommendation. All requisitions and purchase orders require approval and a signature by an administrator prior to purchases being made.

**Recommendation 4:** The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: The District will implement the recommendation.

**Recommendation 5:** The District should prepare and issue duplicate, prenumbered cash receipts and have an employee not involved in collecting or depositing cash reconcile issued receipts to deposits.

District Response: The District will implement the recommendation.

**Recommendation 6:** The District should limit employees' access to the accounting system to only the access necessary to meet their job responsibilities to help ensure that no single employee can initiate and complete a transaction without an independent review.

District Response: The District will implement the recommendation.

**Recommendation 7:** The District should implement and enforce stronger password requirements related to password length and expiration.

District Response: The District will implement the recommendation. In progress.

**Other Findings 1:** District incorrectly reported number of riders for state transportation funding

District Response: The District agrees with the finding. The District will train the necessary staff the Arizona Department of Education's guidelines for calculating the number of riders.

**Recommendation 1:** The District should accurately calculate and report to the Arizona Department of Education the actual number of riders transported for state funding purposes.

District Response: The District will implement the recommendation. The District will use accurate numbers when reporting the number of riders for state transportation.

**Other Findings 2:** District may be able to improve efficiency and lower costs through cooperative agreements

District Response: The district agrees with the finding. The District has been proactive for the last year in lowering cost through shared personnel such as administrators, teachers, paraprofessionals, transportation, and extra-curricular activities.

**Recommendation 1:** The District should look for ways to improve efficiency and lower costs, including the possibility of cooperatively providing services with the County School Superintendent's Office.

District Response: The District will implement the recommendation. The District has been sharing services with a peer district.