ARIZONA
Auditor General
Making a Positive Difference

REPORT HIGHLIGHTS
Performance Audit
September 2017

Altar Valley Elementary School District

CONCLUSION: In fiscal year 2015, Altar Valley Elementary School District's student achievement was much lower than the peer districts', and although it had higher costs in most noninstructional areas, the District's operations were reasonably efficient overall. Specifically, the District's administrative costs per pupil were much higher than the peer districts' average, but only because it had fewer students than the peer districts, on average. However, the District needs to strengthen its cash-handling and computer controls. The District's plant operations cost per pupil was much higher than the peer districts' average primarily because it operated much more square footage per pupil than the peer districts averaged. The District has taken a step to decrease its plant operations costs by entering into an energy savings contract. Altar Valley ESD's food service program costs per meal and per pupil were similar to the peer districts' averages, and its transportation program costs per mile and per rider were much lower than the peer districts' averages because the District employed efficient practices, such as employing some part-time bus drivers and monitoring fuel usage.

Much lower student achievement and efficient operations

Student achievement much lower than peer districts'—In fiscal year 2015, Altar Valley ESD's student scores were lower than the peer districts' averages in math and much lower in English language arts and science.

Reasonably efficient operations overall despite some higher costs—In fiscal year 2015, Altar Valley ESD operated efficiently overall. Specifically, the District's administrative costs per pupil were much higher than the peer districts' average, but only because it had fewer students than the peer districts, on average. The District's plant operations cost per pupil was much higher than the peer districts' average primarily because it operated much more square footage per pupil than the peer districts averaged. However, we did not identify a large number of empty classrooms or other unused space or any inefficiencies or wastes of resources. Further, the District has taken a step to decrease its plant operations costs by entering into an energy savings contract that reduced its energy and water costs by over $23,000 in fiscal year 2015. Altar Valley ESD's food service program costs per meal and per pupil were similar to the peer districts' averages, and its vendor-operated program generated enough revenue to cover its costs. Lastly, the District's transportation program costs per mile and per rider were much lower than the peer districts' averages because the District employed efficient practices, such as employing some part-time bus drivers and monitoring fuel usage.

District lacked adequate cash-handling and computer controls

Inadequate cash-handling controls—We reviewed the District's cash-handling procedures along with 24 student activities cash deposits from fiscal years 2015 and 2016 totaling approximately $33,500 and found that the District's written procedures were sufficient, but the District did not always follow the procedures to ensure that all monies received were

**Percentage of students who met or exceeded state standards
Fiscal year 2015**

Altar Valley ESD ■ Peer group ■ State-wide
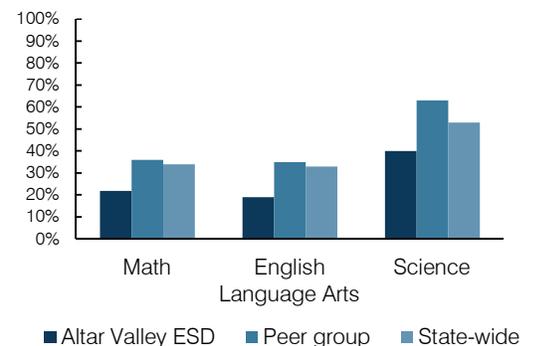
**Comparison of per pupil expenditures by operational area
Fiscal year 2015**

	Altar Valley ESD	Peer group average
Administration	$1,320	$1,036
Plant operations	1,074	919
Food service	559	586
Transportation	841	505

properly accounted for. More specifically, the District's elementary school did not issue receipts for its cash collections. In addition, one district employee received and deposited student activities monies without an independent review. Additionally, although the middle school issued receipts, middle school employees used multiple receipt books, making it difficult to track receipts because they were not always issued in sequential order. Because of the high risk associated with cash transactions, the District should establish and maintain effective controls to safeguard cash.

Inadequate computer controls—In fiscal years 2015 and 2016, Altar Valley ESD lacked adequate computer controls. Although no improper transactions were detected in the items we reviewed, these poor controls exposed the District to an increased risk of errors, fraud, and unauthorized access to sensitive information. More specifically:

- **Weak password requirements—**The District did not have strong password requirements for access to its computer network and student information system. More specifically, network passwords lacked complexity requirements—that is, passwords did not need to contain numbers or symbols. In addition, we found seven network user accounts with passwords that were set to never expire. Further, student information system passwords could be short, and passwords were not required to be changed on a regular basis. Common guidelines for strong passwords recommend that passwords be at least eight characters in length; contain a combination of lowercase and uppercase alphabetic characters, numbers, and symbols if permitted in the system; and be changed periodically.
- **Broad access to accounting system—**We found that the District granted six of its 34 accounting system users more access to the accounting system than they needed to perform their job duties. Four of these users had full access to the accounting system, giving them the ability to perform all accounting system functions without an independent review and approval.
- **Inadequate procedures for removing access to the network and student information system—**We reviewed fiscal year 2016 user access reports and found 1 network user account and 2 student information system user accounts that were linked to employees who no longer worked for the District.
- **Shared user accounts—**We found that 32 network accounts, 1 student information system account, and 7 accounting system accounts were not assigned to specific individuals. Shared accounts create additional risk because it is difficult or impossible to hold anyone accountable if inappropriate activity occurred while using these accounts.

Recommendations

The District should:
- Implement proper cash-handling controls by preparing and issuing cash receipts in sequential order for all monies collected and having a second employee reconcile or review cash deposits.
- Implement and enforce stronger password requirements related to password length, complexity, and expiration.
- Limit employees' access to only those accounting system functions needed to perform their job responsibilities.
- Ensure terminated employees have their network and systems access promptly removed.
- Eliminate unnecessary shared user accounts and properly control any remaining shared accounts, such as disabling them when not being used.