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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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DEPUTY AUDITOR GENERAL

August 13, 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 24-month followup of the Chino Valley Unified School District's implementation status for the 12 audit recommendations presented in the performance audit report released in June 2013. As the enclosed grid indicates:

- 11 recommendations have been implemented, and
- 1 recommendation is in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the June 2013 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Mr. H. Duane Howard, Superintendent
Governing Board
Chino Valley Unified School District

CHINO VALLEY UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued June 2013

24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District had slightly higher administrative costs and lacks sufficient computer controls to adequately protect sensitive information	
1. The District should review its administrative staffing levels and determine if they can be modified to produce cost savings.	Implemented at 6 months As reported in the 6-month followup, the District reduced its administrative costs at that time by over \$262,000 by eliminating four administrative positions.
2. 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.	Implemented at 6 months
3. The District should review and reduce the number of users with administrator-level access to its network and student information system.	Implemented at 24 months
4. When granting employees the ability to access its computer network and systems remotely, the District should ensure that each employee uses a unique username and password. In addition, the District should maintain documentation of all employees who can access the District's computer network and systems remotely.	Implemented at 6 months
5. The District should establish and implement policies and procedures for monitoring and reviewing users' activities on critical systems.	Implementation in process The District has established and begun implementing policies and procedures for monitoring and reviewing users' activities on critical systems. However, the District is not yet monitoring all users on all critical systems on a regular basis. The District plans to continue enhancing the process, including monitoring more users more frequently to provide additional oversight.

Recommendation	Status/Additional Explanation
6. In addition to its recent implementation of password requirements related to length and complexity, the District should ensure that passwords are known only to the employees who create them by requiring employees to change their passwords immediately after they are initially assigned. Further, employees should be required to change their passwords every 90 days.	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 24 months The District has now developed and tested a disaster recovery plan. The District should consider adding other important elements to the plan, such as network configuration information and procedures for testing the plan periodically.

FINDING 2: District needs to strengthen controls over fuel cards

1. The District should better track fuel card assignments by maintaining accurate, up-to-date logs.	Implemented at 6 months
2. The District should ensure that each employee assigned a fuel card has a confidential PIN and that PINs are no longer written on the fuel card holder envelopes.	Implemented at 6 months
3. The District should work with its fuel vendor to ensure the vendor's billing statements identify each district vehicle fueled.	Implemented at 6 months
4. The District should strengthen its controls and oversight over fuel card purchases, including reconciling fuel receipts to the billing statements, investigating unusual purchases as soon as possible, and reviewing purchases for reasonableness.	Implemented at 6 months

OTHER FINDINGS: District did not accurately report costs

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 18 months
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