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January 24, 2019

The Honorable Rick Gray, Chair
Joint Legislative Audit Committee

The Honorable Anthony T. Kern, Vice Chair
Joint Legislative Audit Committee

Dear Senator Gray and Representative Kern:

Our Office has recently completed a 24-month followup of the Fredonia-Moccasin Unified School District's implementation status for the 12 audit recommendations presented in the performance audit report released in August 2016. As the attached grid indicates:

- 5 recommendations have been implemented;
- 6 recommendations are in the process of being implemented; and
- 1 recommendation has not been 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 August 2016 performance audit.

Sincerely,

Vicki Hanson, Director
Division of School Audits

cc: Governing Board
Mr. Howard Hughes, Superintendent
Fredonia-Moccasin Unified School District

FREDONIA-MOCCASIN UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued August 2016

24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District lacked adequate controls to protect it from errors, fraud, and unauthorized access to sensitive information	
1. The District should implement proper controls over its payroll process to ensure proper separation of responsibilities.	Implemented at 18 months
2. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.	Implemented at 18 months
3. The District should establish and maintain effective internal controls to safeguard cash, including properly separating cash-handling responsibilities.	Implemented at 24 months
4. The District should implement and enforce password requirements related to password length, complexity, and expiration.	Implementation in process The District has strengthened password requirements for its accounting and student information systems. However, the District is still working to implement and enforce stronger password requirements for its computer network.
5. The District should limit employees' access to its computerized accounting system to only those accounting system functions needed to perform their work.	Not implemented We reviewed accounting system access for the District's 5 users and determined that 3 users still have more access to the accounting system than is necessary to perform their job duties.
6. The District should review and reduce the number of users with administrator-level access to its network and systems.	Implementation in process The District has reduced the number of user groups with administrator-level access within its network and systems. However, we found 1 user group with several user accounts in the District's network and accounting system that had unnecessary administrator-level access.
7. The District should develop and implement a formal process to ensure that terminated employees have their computer network and systems access promptly removed.	Implemented at 24 months

Recommendation	Status/Additional Explanation
8. The District should eliminate unnecessary generic user accounts in its network and systems and properly control any remaining generic accounts.	<p>Implementation in process</p> <p>The District removed all unnecessary generic user accounts from its accounting system. However, we identified 9 unnecessary generic network user accounts. According to district officials, the District is still in the process of evaluating generic network user accounts.</p>
9. The District should limit physical access to its information technology server room so that only appropriate personnel have access. In addition, the District should ensure that a fire extinguisher is available nearby.	<p>Implemented at 24 months</p>
10. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p>Implementation in process</p> <p>The District created a formal disaster recovery plan, but the plan lacks several key components, such as the order in which systems should be restored, who is responsible for which activities, a plan for business operations during a system outage, and system restoration and testing procedures. Further, the District has not yet tested its plan.</p>
11. The District should review and limit employees' access to its buildings based on district policy.	<p>Implementation in process</p> <p>According to district officials, the District is in the process of rekeying its buildings in order to limit employees' access.</p>
<p>OTHER FINDINGS: District incurred a loss on meals provided for a contracted preschool program</p>	
1. The District should renegotiate prices with the preschool program to ensure that revenues generated from selling meals at least cover the related costs.	<p>Implementation in process</p> <p>According to district officials, the District is renegotiating meal prices with the preschool program, which would result in breakfast prices increasing by 5 cents per meal and lunch prices increasing by 10 cents per meal. However, district officials stated that they are not sure when these renegotiated prices will take effect.</p>