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

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DEPUTY AUDITOR GENERAL

October 1, 2014

The Honorable John Allen, Chair  
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed a 24-month followup of the Hayden-Winkelman Unified School District's implementation status for the 16 audit recommendations presented in the performance audit report released in August 2012. As the enclosed grid indicates:

- 15 recommendations have been 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 2012 performance audit.

Sincerely,

Ross Ehrick, CPA  
Director, Division of School Audits

RE:bh  
Enclosure

cc: Mr. Jeff Gregorich, Superintendent  
Governing Board  
Hayden-Winkelman Unified School District

# HAYDEN-WINKELMAN UNIFIED SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued August 2012

### 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: Inadequate accounting and computer controls increase risk of errors and fraud</b>	
1. The District should implement proper controls over its payroll processing to ensure adequate separation of duties or alternatively establish an appropriate review process as a compensating control.	<b>Implemented at 24 months</b>
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.	<b>Implemented at 24 months</b>
3. The District should ensure that credit card and other vendor balances are paid in a timely manner to avoid finance charges and late fees.	<b>Implemented at 12 months</b>
4. 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.	<b>Not implemented</b> The District has restricted accounting system access for four of the five employees identified in the audit as having more access than necessary to perform their job duties. However, one employee continues to have full access to the accounting system. District officials stated that they are working to determine a means to limit access for this employee.
5. The District should implement and enforce password length and complexity requirements.	<b>Implemented at 6 months</b>
6. The District should create a formal disaster recovery plan and test it periodically to identify and remedy any deficiencies.	<b>Implemented at 12 months</b>
7. The District should dispose of records according to the Arizona State Library, Archives, and Public Records retention schedules.	<b>Implemented at 12 months</b>

Recommendation	Status/Additional Explanation
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**FINDING 2: Excess square footage and inadequate maintenance practices led to poorly maintained facilities**

1. The District should immediately address any health and safety hazards, such as those observed by auditors, including water leaks, exposed electrical wiring, and other hazards.	<b>Implemented at 12 months</b>
2. Because signs of possible mold growth and other potential health hazards were identified, the District should consider having its buildings inspected by a qualified individual with sufficient knowledge and experience to determine if the potential health hazards could affect student health.	<b>Implemented at 6 months</b>
3. The District should review its building capacity usage to determine whether additional schools or unused sections of schools can be closed to reduce maintenance costs.	<b>Implemented at 6 months</b>
4. To ensure that its buildings are properly maintained and that no further health and safety hazards recur, the District should develop and implement a preventative maintenance program, including a process to ensure that maintenance work orders are tracked and maintained for the appropriate amount of time.	<b>Implemented at 6 months</b>
5. The District should follow its surplus property policy and properly dispose of its surplus property in accordance with the policy and Arizona Administrative Code R7-2-1131.	<b>Implemented at 12 months</b>
6. Because its closed school continues to generate costs, district officials should consider options that could potentially generate additional income such as renting out the facility to a local group, business, or government entity.	<b>Implemented at 24 months</b>

**FINDING 3: District’s Proposition 301 performance pay goals easily met and pay records incomplete**

1. To promote improved performance, the District should establish meaningful performance goals that specify the level of student improvement required and provide specific measurement criteria.	<b>Implemented at 12 months</b>
2. The District should ensure that it retains adequate documentation for the required time period to demonstrate that performance pay goals were met.	<b>Implemented at 12 months</b>

**Recommendation****Status/Additional Explanation**

3. To ensure that accounting records are maintained in sufficient detail to demonstrate that CSF monies were spent in accordance with statute and the District's plan, the District should record and account for all revenues and expenditures in the separate Classroom Site Funds throughout the year and not just at year-end.

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**Implemented at 12 months**