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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

October 19, 2017

The Honorable Bob Worsley, Chair
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair
Joint Legislative Audit Committee

Dear Senator Worsley and Representative Kern:

Our Office has recently completed a 24-month followup of the Kayenta Unified School District's implementation status for the 11 audit recommendations presented in the performance audit report released in May 2015. As the enclosed grid indicates:

- 7 recommendations have been implemented;
- 2 recommendations are in the process of being implemented; and
- 2 recommendations have 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 May 2015 performance audit.

Sincerely,

Vicki Hanson
Director, Division of School Audits

VH:bh
Enclosure

cc: Dr. Bryce Anderson, Superintendent
Governing Board
Kayenta Unified School District

KAYENTA UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued May 2015

24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: Inadequate computer controls increased risk of errors and fraud	
1. The District should implement and enforce stronger password requirements related to password length and ensure that passwords are known only to the users who create them by requiring users to change assigned passwords at first login.	Implemented at 24 months
2. The District should eliminate or minimize generic user accounts on its network and for its critical systems for greater accountability.	Implemented at 24 months
3. 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 complete transactions without an independent review.	Implemented at 24 months
4. The District should develop and implement a formal process to ensure that employees have their computer network and systems access removed promptly upon termination of employment.	<p>Not implemented</p> <p>The District's current process does not require terminated employees' accounts to be disabled within or removed from its computer network and systems for up to 90 days after their termination. Ninety days is too long a period to reduce the risk of unauthorized access to the District's computer network and systems. Further, auditors identified one network user account that was linked to an employee who has not worked for the District in over a year.</p>
5. The District should develop a process to monitor computers for installation of unauthorized software or implement controls to restrict employees' ability to install unauthorized software on district computers.	Implemented at 12 months
6. The District should create a formal IT disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p>Implementation in process</p> <p>The District has developed an IT disaster recovery plan but is still in the process of finalizing, approving, and testing the plan.</p>
7. The District should store backup drives in a secure location, separate from its primary data center.	Implemented at 12 months

Recommendation	Status/Additional Explanation
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FINDING 2: District has been working to address its high plant operations costs

<p>1. The District should continue to look for ways to rent out more of the primary school's excess space. Additionally, the District should continue to look for ways to reduce identified excess space and the costs associated with it at its other schools.</p>	<p>Not implemented</p> <p>Although the District has increased the amount of space at its primary school that it rents to various community organizations, the amount of excess space at its three remaining schools has increased since the audit year. In fiscal year 2017, the District used 48 percent of its designed capacity compared to 54 percent of designed capacity used during the audit year. This is because the District's enrollment has decreased by 12 percent since the audit year. The District is considering offering an alternative high school on the campus of its regular high school and believes that in doing so it may be able to increase enrollment in the future to further reduce its excess space.</p>
<p>2. The District should evaluate its employee housing rental rates and costs and, if the District continues to subsidize its employee housing, determine the costs and benefits of doing so.</p>	<p>Implementation in process</p> <p>Although the District did not subsidize its employee housing in fiscal year 2016, it filled some vacant maintenance positions in fiscal year 2017, which resulted in it subsidizing its employee housing by about \$176,000. However, this subsidy is less than the District's \$290,000 subsidy during the audit year because the District has lowered its costs and increased its rental revenues. Additionally, the District's governing board has approved substantial rental rate increases for fiscal year 2018 that will likely result in the District no longer subsidizing its employee housing.</p>

FINDING 3: Efficient practices kept food service costs low

No recommendations

OTHER FINDING 1: District lacked adequate procedures to maintain its buses

<p>1. The District should ensure that bus preventative maintenance is conducted in a systematic and timely manner in accordance with district policy and the State's <i>Minimum Standards</i>.</p>	<p>Implemented at 24 months</p>
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OTHER FINDING 2: District stored items that could be sold as surplus

<p>1. The District should organize and maintain its property to protect it from theft and properly dispose of any surplus property in accordance with Arizona Administrative Code R7-2-1131.</p>	<p>Implemented at 24 months</p>
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