



May 18, 2015

Ms. Debra K. Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

Kayenta Unified School District respectfully submits the following response to the letter dated April 28, 2015 regarding the preliminary report draft for Kayenta Unified School District performance audit.

Kayenta Unified School District appreciates the performance audit conducted by the Arizona Auditor General's Office. The audit was conducted efficiently and effectively, and with great professionalism and respect. The performance audit findings and recommendations provide Kayenta Unified School District with valuable and pertinent information to refine procedures and processes to ensure fiscal responsibility.

Kayenta Unified School District concurs with the findings and recommendations and has addressed each finding and recommendation in the attachment. In addition, Kayenta Unified School District staff will implement the recommendations provided by your office.

If you require additional information or have any questions regarding the responses, please contact me.

Respectfully Submitted,

Harry E. Martin
Superintendent

Elsie Benally
Business Manager

Excellence in Teaching and Learning

Kayenta Unified School District No. 27 / P.O. Box 337 / Kayenta, Arizona 86033 / (928) 697-2012

Finding 1: Inadequate computer controls increased risk of errors and fraud

District Response: The District agrees with this finding. Kayenta Unified School District (KUSD) is in the process of developing and refining procedures to decrease the risks of errors and fraud in computer controls.

Recommendation 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.

District Response: KUSD agrees with this finding. The Technology Department will implement the recommendation to enforce stronger password requirements that will insure that the password is known only to the user who created the password. The user will be required to immediately change their assigned password at their first login. Tech Support staff are researching and developing a process to enforce a process that will require 8 alphanumeric characters and other requirements. Staff will be subjected to the progressive discipline process for sharing their password or not adhering to the password procedures.

Recommendation 2: The District should eliminate or minimize generic user accounts on its network and for its critical systems for greater accountability.

District Response: KUSD agrees with this finding and will minimize generic user accounts on its network and other critical systems to insure and maintain accountability.

Recommendation 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.

District Response: KUSD agrees with this finding. The District will review the employees' access to the accounting system to ensure employees only have access to the system to complete their assigned job responsibilities and no employee can complete transactions without review from another independent employee.

Recommendation 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.

District Response: KUSD agrees with this finding. KUSD will develop and refine the current process to promptly remove employees that have access to the computer network and systems upon termination of employment. Procedures will be refined to insure an established process is followed.

Recommendation 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.

District Response: KUSD agrees with this finding. KUSD will develop and implement controls that will restrict employees' ability to install unauthorized software on district computers. In addition, procedures will be refined for Technology staff to monitor

computers and further implement. Progressive discipline will be implemented if the procedures are not followed.

Recommendation 6: The District should create a formal IT disaster recovery plan and test it periodically to identify and remedy deficiencies.

District Response: KUSD agrees with this finding. The District is researching a process to develop a disaster recovery plan, that will include the costs that will be incurred to support the plan. The plan will include, identifying key personnel who are assigned specific roles and responsibilities. Software will be identified that will verify that all files are backed up and intact, readable and can be restored if recovery is needed due to failure with the hardware. Backups will be tested periodically to insure the integrity of the data is maintained and not corrupted. Additional servers, software or machines will be purchased to ensure all files can be recovered.

Recommendation 7: The District should store backup drives in a secure location, separate from its primary data center.

District Response: The District agrees with this finding. As recommended, a site has been identified that is separate from the primary data center and is in a secure location.

Finding 2: District has been working to address its high plant operations costs

District Response: The District agrees with this finding. The District has closed one school in its efforts to reduce high plant operations costs. However, the continuing decrease in student membership requires the District to seek other innovative ways to reduce the high plant costs and seek the maximization of utilizing the capacity at the remaining three schools.

Recommendation 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.

District Response: The District agrees with this finding. Due to the recommendation of renting more excess space, the District will actively seek tenants for the primary school building. Also, the District will consider moving certain grade levels to the other remaining buildings to reduce the lack of utilization.

Recommendation 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.

District Response: The District agrees with this finding. The District will continue to evaluate its housing rental rates and the subsidizing of the employee housing as well as their affect on the high plant operation costs versus the classroom dollars.

Finding 3: Efficient practices kept food service costs low

District Response: This District agrees with this finding. With continuous raising costs in all aspects of operation, the District will continue to identify efficient and effective practices to keep food services costs low while maintaining and providing excellent nutritional meals to our students.

Other Findings 1: District lacked adequate procedures to maintain its buses

District Response: The District agrees with this finding.

Recommendation: 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 *Minimum Standards*.

District Response: The District will ensure that bus preventative maintenance is conducted. In addition, the District will revise the current bus preventative maintenance schedule and set up procedures to insure the schedule is adhered to. The District will its preventive maintain records electronically.

Other Findings 2: District stored items that could be sold as surplus

District Response: The District agrees with this finding. The schools move all their damaged, obsolete and unwanted items into the surplus building. The District then organizes the items for transfer to other buildings or disposition.

Recommendation: 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.

District Response: The District will follow Arizona Administrative Code R7-2-1131.