



A REPORT
TO THE
ARIZONA LEGISLATURE

Division of School Audits

Performance Audit

Littleton Elementary School District

December • 2015
Report No. 15-215



Debra K. Davenport
Auditor General

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Tammy Seilheimer, Team Leader

Marsden Burton

Alex Entringer

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Office of the Auditor General

2910 N. 44th Street, Suite 410 • Phoenix, AZ 85018 • (602) 553-0333



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

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OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

December 3, 2015

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Governing Board
Littleton Elementary School District

Dr. Roger Freeman, Superintendent
Littleton Elementary School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Littleton Elementary School District*, conducted pursuant to A.R.S. §41-1279.03. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District substantially agrees with all of the findings and recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Debbie Davenport
Auditor General

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Similar student achievement and efficient operations overall

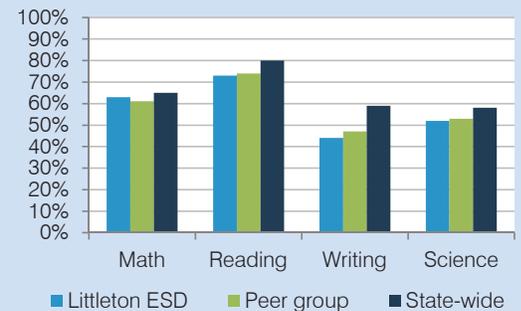
Our Conclusion

In fiscal year 2013, Littleton Elementary School District's student achievement was similar to peer districts', and the District operated efficiently overall, with costs that were generally similar to or lower than peer districts', on average. Littleton ESD's administrative cost per pupil was similar to the peer districts' average, but the District needs to strengthen some of its purchasing, computer, and building access controls. The District's plant operations costs were much lower, in part because it had relatively newer buildings, but also because it monitored its costs and energy usage and employed staff who were able to handle most repairs in-house. In addition, the District's food service program operated efficiently, with a lower cost per meal by using part-time workers and monitoring performance measures, such as meals per labor hour. Despite a higher cost per rider, the District's transportation program was also reasonably efficient, operating routes that filled buses to 79 percent of capacity.

Student achievement similar to peer districts'—In fiscal year 2013, Littleton ESD's student AIMS scores were similar to the peer districts' averages in the four tested areas. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of B. Seven of the ten peer districts also received Bs, two peer districts received Cs, and one received an A.

Efficient operations overall—In fiscal year 2013, Littleton ESD operated efficiently overall, with costs that were generally similar to or lower than peer districts', on average. Specifically, the District's administrative costs were similar to peer districts', and its plant operations and food service program operated efficiently with lower costs per square foot and per meal, respectively. The District's plant operations costs were much lower, in part because it had relatively newer buildings but also because it monitored its costs and energy usage and employed staff who were able to handle most repairs in-house. The District was able to keep its food service cost per meal low by using part-time workers and monitoring performance measures, such as meals per labor hour. Despite a higher cost per rider, the District's transportation program was also reasonably efficient, operating routes that filled buses to 79 percent of capacity.

Percentage of students who met or exceeded state standards (AIMS)
Fiscal year 2013



Comparison of per pupil expenditures by operational area
Fiscal year 2013

	Littleton ESD	Peer group average
Administration	\$798	\$791
Plant operations	627	842
Food service	549	541
Transportation	253	273

District lacked sufficient purchasing, computer, and building access controls

Inadequate controls over purchasing—The District had an increased risk of errors and fraud because it did not always require proper approval prior to purchases being made. We reviewed 30 fiscal year 2013 accounts payable transactions and found that 7 transactions were for purchases made without prior approval.

Inadequate computer controls—The District lacked adequate controls over user access to its computer network and systems. More specifically, the District allowed network and student information system passwords to be short and did not require passwords to contain numbers or symbols. Additionally, we reviewed the District's user access report for 10 of the 56 accounting system users and found five district employees who had more access to the accounting system than they needed to



2015

perform their job duties. Further, the District's network had user accounts that were linked to employees who no longer worked for the District and both its network and student information system had unnecessary generic accounts not assigned to specific users, making it difficult or impossible to hold anyone accountable if inappropriate activity occurred while using these accounts. Finally, the District had a disaster recovery plan but it was missing some key components. Having a complete and up-to-date disaster recovery plan would help ensure continuous accessibility to sensitive and critical data in the event of a system or equipment failure or interruption.

Poor physical access controls—The District had poor controls over its physical access to buildings, including the IT equipment room, because it did not follow its own policy for the assignment of keys. Specifically, the District's policy only allows personnel such as the superintendent, business manager, and designated maintenance employees to have unlimited access to district buildings. However, personnel beyond those specified in the policy were assigned these keys with unlimited access. Additionally, non-IT personnel had access to the District's computer server rooms, which creates the risk of network interruption due to intentional or accidental equipment damage.

Recommendations

The District should:

- Implement proper purchasing controls;
- Implement and enforce stronger password requirements;
- Limit employees' access to only those accounting system functions needed to perform their job responsibilities;
- Develop and implement a formal process to ensure that terminated employees have their computer network access promptly removed;
- Eliminate or minimize generic accounts for its network and systems and properly control any generic accounts that are considered necessary by disabling them when not in use;
- Ensure that its disaster recovery plan is complete and test it periodically; and
- Review and limit employees' access to its buildings based on district policy.

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DISTRICT OVERVIEW

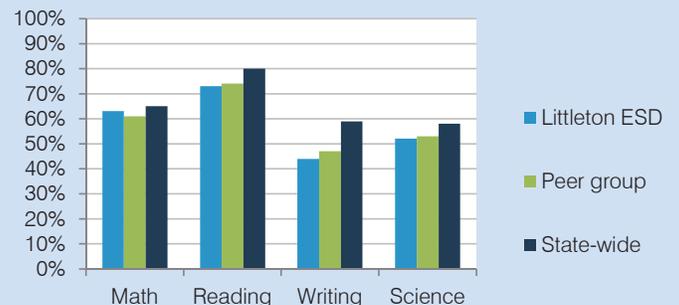
Littleton Elementary School District is a medium-large sized suburban district located 20 miles west of Phoenix. In fiscal year 2013, the District served 5,039 students in kindergarten through 8th grade at its six schools.

In fiscal year 2013, Littleton ESD's student achievement was similar to peer districts', and it operated efficiently overall with costs that were generally similar to or lower than peer districts' averages.¹ Specifically, the District's administrative costs were similar to peer districts', and its plant operations and food service program operated efficiently with lower costs per square foot and per meal, respectively. In addition, although its transportation program operated with a higher cost per rider than the peer districts averaged, the program was reasonably efficient with a similar cost per mile and reasonably efficient bus routes.

Student achievement similar to peer districts'

In fiscal year 2013, 63 percent of the District's students met or exceeded state standards in math, 73 percent in reading, 44 percent in writing, and 52 percent in science. As shown in Figure 1, each of these scores was similar to the peer districts' respective averages. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, Littleton ESD received an overall letter grade of B for fiscal year 2013. Seven of the ten peer districts also received Bs, two received Cs, and one received an A.

Figure 1: Percentage of students who met or exceeded state standards (AIMS) Fiscal year 2013 (Unaudited)



Source: Auditor General staff analysis of fiscal year 2013 test results on Arizona's Instrument to Measure Standards (AIMS).

District operated efficiently overall

As shown in Table 1 on page 2, and based on auditors' review of various performance measures, in fiscal year 2013, Littleton ESD operated efficiently overall. Compared to its peer districts, Littleton ESD spent \$301 less per pupil in the classroom and \$493 less per pupil overall, primarily because it received less federal grant money because of its lower poverty level and received less Maintenance and Operation Fund monies because it transported students fewer miles.

¹ Auditors developed three peer groups for comparative purposes. See page a-1 of this report's Appendix for further explanation of the peer groups.

Similar administrative costs but some improvements needed—Littleton ESD’s \$798 administrative cost per pupil was similar to the peer districts’ \$791 average. However, auditors identified some purchasing, computer, and building access controls that need strengthening (see Finding 1, page 3).

Efficient plant operations—Littleton ESD’s plant operations costs were 20 percent lower per square foot and 26 percent lower per student compared to peer districts’, on average. The District’s costs were likely lower partly because its buildings were much newer than the peer districts’, on average. Littleton ESD’s average building age of 13.5 years was 38 percent lower than the peer districts’ average, and newer buildings typically have lower costs than older buildings that require more maintenance and tend to be less energy efficient. However, the

District’s costs were also lower, in part, because its plant operations staff could handle many types of repairs in-house, which likely helped lower the District’s repair and maintenance costs. In addition, the District kept its energy costs low by using an energy management system that controlled energy usage by monitoring and adjusting building temperatures to keep them within district-approved ranges. The District also monitored performance measures, such as electricity cost per square foot, to help identify and address any changes in costs.

Efficient food service program—Littleton ESD’s food service program operated efficiently with a \$2.37 cost per meal that was 7 percent lower than the peer districts’ \$2.54 average, and its cost per pupil was similar to the peer districts’. The District was able to keep its cost per meal low by using part-time workers and monitoring performance measures, such as meals per labor hour.

High transportation cost per rider but program was reasonably efficient—In fiscal year 2013, Littleton ESD’s \$6.46 cost per mile was similar to the peer districts’ average, but its \$673 cost per rider was 16 percent higher. The District’s cost per rider was higher partly because, although it traveled a similar number of miles per rider as its peer districts, it transported 39 percent fewer riders than the peer districts, on average, and therefore, certain costs, such as the transportation director’s salary, were spread over fewer riders when calculating the cost per rider. Despite the higher costs per rider, the District operated reasonably efficient bus routes, filling buses to 79 percent of seat capacity, on average.

Table 1: Comparison of per pupil expenditures by operational area Fiscal year 2013 (Unaudited)

Spending	Littleton ESD	Peer group average	State average
Total per pupil	\$6,700	\$7,193	\$7,496
Classroom dollars	3,371	3,672	4,031
Nonclassroom dollars			
Administration	798	791	746
Plant operations	627	842	924
Food service	549	541	396
Transportation	253	273	369
Student support	669	541	582
Instruction support	433	533	448

Source: Auditor General staff analysis of fiscal year 2013 Arizona Department of Education student membership data and district-reported accounting data.

FINDING 1

District lacked adequate controls to protect it from errors, fraud, and misuse

In fiscal year 2013, Littleton ESD lacked adequate purchasing, computer, and building access controls. Although no improper transactions were detected in the items auditors reviewed, these poor controls exposed the District to an increased risk of errors, theft, and fraud. Additionally, the District did not accurately report its costs on its *Annual Financial Report*.

Some purchases lacked proper approval

The District did not always require proper approval prior to purchases being made. Auditors reviewed 30 fiscal year 2013 accounts payable transactions and found that 7 transactions were for purchases made without prior approval. Although no inappropriate purchases were detected in the items auditors reviewed, the District should ensure that all purchases are approved by an authorized employee prior to ordering goods or services, as required by the *Uniform System of Financial Records for Arizona School Districts*. This helps ensure that purchases are appropriate and that the District has adequate budget capacity prior to ordering goods or services.

Inadequate computer controls

Littleton ESD lacked adequate controls over user access to its computer network and accounting and student information systems. These poor controls exposed the District to an increased risk of unauthorized access to critical systems. Additionally, the lack of a thorough and tested disaster recovery plan could result in interrupted operations or loss of data.

Weak password requirements—The District did not have strong password requirements for its network and student information system. Although users developed their own passwords, network passwords lacked a complexity requirement—that is, passwords could be short and did not need to contain numbers and symbols. In addition, passwords for the student information system were only required to be six characters in length, and users were not required to change their passwords routinely. Common practice requires passwords to be at least eight characters in length, contain a combination of alphabetic and numeric characters, and be changed every 90 days. Strengthening password complexity requirements and implementing password expirations would decrease the risk of unauthorized persons gaining access to the network and system.

Broad access to accounting system—Auditors reviewed the District's user access report for 10 of the 56 users with access to the accounting system and identified five district employees

who had more access to the accounting system than they needed to perform their job duties, including three employees who had full access to the system, giving them the ability to perform all accounting system functions. Although no improper transactions were detected in the 30 payroll and 30 accounts payable transactions auditors reviewed, granting employees system access beyond what is required for their job duties, especially full system access, exposes the District to a greater risk of errors, misuse of sensitive information, and fraud, such as processing false invoices or adding and paying nonexistent vendors or employees.

Inadequate procedures for removing access to the network—The District did not have sufficient procedures in place to ensure that only current employees had access to its network. Auditors found 23 network user accounts that were linked to employees who no longer worked for the District, including some employees who had not worked for the District for more than 1 year. To reduce the risk of unauthorized access, the District should implement procedures to ensure the prompt removal of access when a user is no longer employed by the District.

Generic user accounts—Auditors reviewed user access reports for the District's network and systems and found that 33 network accounts and 1 student information system account were unnecessary generic accounts not assigned to specific individuals. Generic accounts create additional risk because it is difficult or impossible for the District to hold anyone accountable if inappropriate activity were conducted using these accounts.

Incomplete disaster recovery plan

The District had a disaster recovery plan, but it was missing some key components. For example, the plan did not contain important information regarding the recovery of critical systems, testing the plan, or contact information for staff with responsibilities during system or equipment failure or interruption. A comprehensive disaster recovery plan would help ensure continued operations in the case of a system or equipment failure or interruption. Additionally, disaster recovery plans should be tested periodically and modifications made to correct any problems and to ensure their effectiveness.

Poor controls over physical access to buildings, including IT equipment room

The District needs to review and strengthen its process for distributing and tracking keys for district buildings. The District's policy regarding the assignment of keys only allows specific personnel such as the superintendent, business manager, and designated maintenance personnel, to have unlimited access to district buildings. However, auditors reviewed the District's records of assigned keys and found that the District did not follow its own policy and had assigned keys with unlimited access to personnel beyond those specified in the policy. Specifically, the District allowed employees such as directors, information technology (IT) staff, and warehouse personnel to have unlimited access to district facilities, increasing the District's risk of theft and

misuse of supplies or equipment. Additionally, although the District's computer servers were located in locked rooms, allowing non-IT personnel access to the server room by giving them unrestricted access to district buildings creates the risk of network interruption due to intentional or accidental equipment damage.

District did not accurately report its costs

Littleton ESD did not consistently classify its fiscal year 2013 expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its *Annual Financial Report* did not accurately reflect its costs, including both classroom and nonclassroom expenditures. Auditors identified errors totaling approximately \$1.6 million of the District's total \$33.7 million in operational spending.¹ When corrected, these changes decreased the District's reported instructional expenditures by \$1 million, or almost 3 percentage points. The dollar amounts shown in the tables in this report reflect the necessary adjustments.

Recommendations

1. The District should ensure that it follows proper purchasing processes as outlined in the *Uniform System of Financial Records for Arizona School Districts*, including ensuring proper approval before making purchases.
2. The District should implement and enforce stronger password requirements.
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 initiate and complete transactions without an independent review.
4. The District should develop and implement a formal process to ensure that terminated employees have their computer network access promptly removed.
5. The District should eliminate unnecessary generic accounts on its IT network and systems and minimize and properly control any generic accounts that are considered necessary by disabling them when not in use.
6. The District should review its formal disaster recovery plan to ensure it is complete and test it periodically to identify and remedy deficiencies.
7. The District should review and limit employees' access to its buildings based on district policy.
8. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

¹ Operational spending includes costs incurred for the District's day-to-day operations. For further explanation, see Appendix, page a-1.

APPENDIX

Objectives, Scope, and Methodology

The Office of the Auditor General has conducted a performance audit of the Littleton Elementary School District pursuant to Arizona Revised Statutes §41-1279.03(A)(9). Based in part on their effect on classroom dollars, as previously reported in the Office of the Auditor General's annual report, *Arizona School District Spending* (Classroom Dollars report), this audit focused on the District's efficiency and effectiveness in four operational areas: administration, plant operations and maintenance, food service, and student transportation. To evaluate costs in each of these areas, only operational spending, primarily for fiscal year 2013, was considered.¹ Further, because of the underlying law initiating these performance audits, auditors also reviewed the District's use of Proposition 301 sales tax monies and how it accounted for dollars spent in the classroom.

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2013 summary accounting data for all districts and Littleton ESD's fiscal year 2013 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff.

To compare districts' academic indicators, auditors developed a student achievement peer group using poverty as the primary factor because poverty has been shown to be associated with student achievement. Auditors also used secondary factors such as district type and location to further refine these groups. Littleton ESD's student achievement peer group includes Littleton ESD and the ten other elementary school districts that also served student populations with poverty rates between 21 and 30 percent in cities and suburbs. Auditors compared Littleton ESD's student AIMS scores to those of its peer group averages. The same grade levels were included to make the AIMS score comparisons between Littleton ESD and its peer group. AIMS scores were calculated using test results of the grade levels primarily tested, including grade levels 3 through 8. Generally, auditors considered Littleton ESD's student AIMS scores to be similar if they were within 5 percentage points of peer averages, slightly higher/lower if they were within 6 to 10 percentage points of peer averages, higher/lower if they were within 11 to 15 percentage points of peer averages, and much higher/lower if they were more than 15 percentage points higher/lower than peer averages. In determining the District's overall student achievement level, auditors considered the differences in AIMS scores between Littleton ESD and its peers, as well as the Arizona Department of Education-assigned letter grade.²

To analyze Littleton ESD's operational efficiency in administration, plant operations, and food service, auditors selected a group of peer districts based on their similarities in district size, type, and location. This operational peer group includes Littleton ESD and 17 other elementary school districts

¹ Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

² The Arizona Department of Education's A-F Letter Grade Accountability System assigns letter grades based primarily on academic growth and the number of students passing AIMS.

that also served between 600 and 7,999 students and were located in cities and suburbs. To analyze Littleton ESD's operational efficiency in transportation, auditors selected a group of peer districts based on their similarities in miles per rider and location. This transportation peer group includes Littleton ESD and ten other districts that also traveled less than 145 miles per rider and were located in cities and suburbs. Auditors compared Littleton ESD's costs to its peer group averages. Generally, auditors considered Littleton ESD's costs to be similar if they were within 5 percent of peer averages, slightly higher/lower if they were within 6 to 10 percent of peer averages, higher/lower if they were within 11 to 15 percent of peer averages, and much higher/lower if they were more than 15 percent higher/lower than peer averages. However, in determining the overall efficiency of Littleton ESD's nonclassroom operational areas, auditors also considered other factors that affect costs and operational efficiency such as square footage per student, meal participation rates, and bus capacity utilization, as well as auditor observations and any unique or unusual challenges the District had. Additionally:

- To assess the District's financial accounting data, auditors evaluated the District's internal controls related to expenditure processing and scanned all fiscal year 2013 payroll and accounts payable transactions for proper account classification and reasonableness. Additionally, auditors reviewed detailed payroll and personnel records for 30 of the 829 individuals who received payments in fiscal year 2013 through the District's payroll system and reviewed supporting documentation for 30 of the 12,154 fiscal year 2013 accounts payable transactions. No improper transactions were identified. After adjusting transactions for proper account classification, auditors reviewed fiscal year 2013 spending and prior years' spending trends across operational areas. Auditors also evaluated other internal controls that were considered significant to the audit objectives.
- To assess the District's computer information systems and network, auditors evaluated certain controls over its logical and physical security, including user access to sensitive data and critical systems, and the security of servers that house the data and systems. Auditors also evaluated certain district policies over the system such as data sensitivity, backup, and recovery.
- To assess whether the District managed its plant operations and maintenance function appropriately and whether it functioned efficiently, auditors reviewed and evaluated fiscal year 2013 plant operations and maintenance costs and district building space, and compared these costs and capacities to peer districts'.
- To assess whether the District's administration effectively and efficiently managed district operations, auditors evaluated administrative procedures and controls at the district and school level, including reviewing personnel files and other pertinent documents and interviewing district and school administrators about their duties. Auditors also reviewed and evaluated fiscal year 2013 administration costs and compared these to peer districts'.
- To assess whether the District managed its food service program appropriately and whether it functioned efficiently, auditors reviewed fiscal year 2013 food service revenues and expenditures, including labor and food costs; compared costs to peer districts'; reviewed the Arizona Department of Education's food-service-monitoring reports; reviewed point-of-sale system reports; observed food service operations; and reviewed the food service vendor contract and invoices.

- To assess whether the District managed its transportation program appropriately and whether it functioned efficiently, auditors reviewed and evaluated required transportation reports, bus driver files, bus maintenance and safety records, bus routing, and bus capacity usage. Auditors also reviewed fiscal year 2013 transportation costs and compared them to peer districts' average costs.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2013 expenditures to determine whether they were appropriate and if the District properly accounted for them. No issues of noncompliance were identified.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and her staff express their appreciation to the Littleton Elementary School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE

DISTRICT RESPONSE



November 19, 2015

Ms. Debra Davenport, Auditor General
 State of Arizona
 2910 N.44th Street,Suite 410
 Phoenix,Arizona 85018

Re: Fiscal Year 2012-13 Performance Audit

Dear Ms. Davenport,

Littleton Elementary School District No. 65 respectfully submits our response to the Performance Audit conducted by the Auditor General's office for fiscal year 2012-13. I would like to recognize and commend your staff for their professionalism and cooperation as we worked together to complete this task. Ms. Orrico and her staff were professional and courteous as they worked with LESD staff to complete this Performance Audit.

We would like to take this opportunity to express our gratitude to your audit team for their positive feedback. We appreciate your recognition of achievement of overall efficiency, especially in our plant operations, food service program and transportation department. As stewards of public funds, we are committed to fiscal responsibility as well as transparency and efficiency.

We understand that despite our overall positive findings,it is important for us to continue to review our processes and procedures. We agree with the basis of findings and will continue to work to improve in those areas. The District recognizes the importance and effect of adequate controls to protect it from errors, fraud and misuse. It is always the goal of Littleton ESD to ensure that we are compliant in all areas. The District's response is attached and indicates the areas of agreement and area of difference of opinion.

Sincerely,

Roger S. Freeman, Ed.D.
 Superintendent

Littleton Elementary School District #65 • PO Box 280 • Cashion, Arizona 85329 • (623) 478-5600 Reception • (623) 478-5625 Facsimile
 Underdown Learning Center and Administrative Offices • 1600 South 107th Avenue, Avondale, Arizona 85323

www.littletonaz.org

Collier Elementary
 (623) 478-5900
www.coes.littletonaz.org

Country Place Elementary
 (623) 478-6100
www.cpes.littletonaz.org

Estrella Vista Elementary
 (623) 478-6200
www.eves.littletonaz.org

Littleton Elementary
 (623) 478-5700
www.lnes.littletonaz.org

Quentin Elementary
 (623) 478-6000
www.ques.littletonaz.org

Tres Rios Elementary
 (623) 478-6300
www.tres.littletonaz.org

Littleton ESD FY2012-13

Performance Audit Response

Finding 1: District lacked adequate controls to protect it from errors, fraud, and misuse.

District Response: The District recognizes the importance and effect of adequate controls to protect it from errors, fraud and misuse. While we agree that there were some staff errors, no fraud or misuse are indicated and it is always the goal of Littleton ESD to ensure that we are compliant in all areas.

Recommendation 1: The District should ensure that it follows proper purchasing processes as outlined in the *Uniform System of Financial Records for Arizona School Districts*, including ensuring proper approval before making purchases.

District Response: The District agrees with the recommendation. Post Fiscal Year 2013, the District implemented procurement violation procedures. If an employee arranges a purchase prior to approval then it is documented by the business office. A Notice of Procurement Violation form is forwarded to the employee's supervisor and the accountability is escalated through levels of administration to include personnel action taken against the employee in the event of repeated occurrences.

Recommendation 2: The District should implement and enforce stronger password requirements.

District Response: While the current District password requirements have created no security issues, we agree to strengthen password requirements to decrease future risk.

Recommendation 3: The District should limit employees' access to the account system to only the access necessary to meet their job responsibilities to help ensure that no single employee can initiate and complete transactions without an independent review.

District Response: The District agrees that access to critical systems needs to be limited, and changes in staffing often require changes in roles. Adjustments have been made to account system roles that limit a single employee access to initiate and complete transactions of payables and/or payroll.

Recommendation 4: The District should develop and implement a formal process to ensure that terminated employees have their computer network access promptly removed.

District Response: The District agrees that the process should include a scheduled review of accounts each June and January as these are the times we experience high volumes of staff changes. The District already has a process in place between HR and IT for notification of separation of employment throughout the year.

Recommendation 5: The District should eliminate unnecessary accounts on its IT network and systems and minimize and properly control any generic accounts that are considered necessary by disabling them when not in use.

District Response: The District agrees that unnecessary accounts should be disabled and has reviewed the generic accounts in place, these network accounts have been assessed for their value and have been determined to promote efficiency. The District will continue to restrict access through disabling accounts and/or changing passwords and has now implemented an annual review of user accounts each January and June.

Recommendation 6: The District should review its formal disaster recovery plan to ensure it is complete and test it periodically to identify and remedy deficiencies.

District Response: The District agrees that a formal disaster recovery plan is important and the current plan warrants more detail. The plan is reviewed annually with staff responsibilities and recovery procedures examined and documented. The current plan has been tested through instances of real life technical events and in all cases data has been retrieved successfully.

Recommendation 7: The District should review and limit employees' access to its buildings based on district policy.

District Response: The District agrees that facility access and the key security procedures need to be consistent with current practice in the District. The current written key process and procedures along with distribution schedules have been updated so that the ECA policy and regulation reflect the updated District Key Distribution Schedule. The distribution schedule is being updated to include keyless entry FOBs which will be expanded to include more sensitive areas, providing the ability to limit access to not only specific areas but also to certain times and days, to grant or deny access electronically as well as track access.

Recommendation 8: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: While the District agrees with the recoding recommendations of the majority of the transactions indicated by the Auditor General's audit personnel, there were areas that a difference of interpretation was evident and these areas were discussed during the audit process. The District will continue to review account codes, purchasing activities and personnel duties during the coding process.

