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January 30, 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 Nogales Unified School District's implementation status for the 13 audit recommendations presented in the performance audit report released in November 2016. As the attached grid indicates:

- 12 recommendations have been implemented, and
- 1 recommendation is in the process of being 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 November 2016 performance audit.

Sincerely,

Vicki Hanson, Director
Division of School Audits

cc: Governing Board
Mr. Fernando Parra, Superintendent
Nogales Unified School District

NOGALES UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued November 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 and enforce stronger password requirements for its student information system related to password length, complexity, and expiration, and only the user should know his/her password.	Implemented at 6 months
2. The District should limit employees' access to its accounting system to only those accounting system functions needed to perform their work.	Implementation in process The District has greatly reduced the number of users with too much access in its accounting system. However, we found that 3 users still have more access in the accounting system than is needed to perform their work. The District continues to work on reviewing and limiting users' access in its accounting system.
3. The District should review and consider reducing the number of users with administrator-level access to its network and systems.	Implemented at 18 months
4. 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 6 months
5. The District should eliminate unnecessary shared user accounts in its network and systems and properly control any remaining shared accounts, such as disabling them when not being used.	Implemented at 18 months
6. The District should establish and implement policies and procedures for logging and monitoring users' activities on its network and critical systems.	Implemented at 18 months
7. The District should implement controls to limit employees' ability to install unauthorized software on District computers or develop a process to monitor computers for installation of unauthorized software.	Implemented at 18 months

Recommendation	Status/Additional Explanation
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| 8. The District should review its formal contingency plan to ensure it is complete and test it periodically to identify and remedy deficiencies. | Implemented at 24 months |
| 9. The District should implement controls over its process for distributing and tracking building keys, including maintaining a complete and up-to-date distribution log, establishing a process for determining the access level given to employees, and implementing a user agreement outlining the rules and policies an employee must follow regarding the use of District keys. | Implemented at 18 months |

FINDING 2: District needs to improve transportation program oversight and may be able to reduce costs

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| 1. The District should work with its transportation vendor to determine whether the vendor’s billings could be modified to provide more detail by breaking out daily rates and additional trip costs by cost categories, including salaries and benefits, maintenance and repairs, bus rental costs, and supplies, and have the vendor modify the billings accordingly. Additionally, the District should use this information to determine areas where cost savings can be achieved. | Implemented at 18 months |
| 2. The District should review its bus routes to determine if it can improve route efficiency and adjust its bus routes accordingly. | Implemented at 6 months |
| 3. The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage to better evaluate and improve the efficiency of its transportation program. | Implemented at 24 months |
| 4. The District should develop a formal preventative maintenance policy that meets the State’s <i>Minimum Standards</i> and includes the maximum number of miles and the maximum amount of time a bus can travel before it receives preventative maintenance services. Additionally, the District should ensure that it conducts bus preventative maintenance in a systematic and timely manner and documents it in accordance with its formal policy. | Implemented at 18 months |