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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

October 30, 2015

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Burges and Representative Allen:

Our Office has recently completed a 6-month followup of the Payson Unified School District's implementation status for the 7 audit recommendations presented in the performance audit report released in March 2015. As the enclosed grid indicates, all of the recommendations have 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 March 2015 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Dr. Greg Wyman, Superintendent
Governing Board
Payson Unified School District

PAYSON UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued March 2015 6-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District needs to strengthen controls over computer network and systems	
1. The District should implement and enforce stronger password controls by requiring its employees to use more complex passwords.	Implemented at 6 months
2. 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 approval and that employees have only the access necessary to meet their job responsibilities.	Implemented at 6 months
3. The District should develop and implement a formal process to ensure that terminated employees have their IT network and systems access promptly removed.	Implemented at 6 months
4. The District should review its formal disaster recovery plan to ensure that it is complete and test it periodically to identify and remedy deficiencies.	Implemented at 6 months
FINDING 2: High food service costs led to program subsidy of more than \$24,000	
1. The District should monitor food service costs throughout the fiscal year to help ensure they are necessary and reasonable.	Implemented at 6 months
2. The District should consider rebidding its food service contract to obtain more favorable terms, including lower vendor fees and guaranteed profits.	Implemented at 6 months For fiscal year 2015, the District rebid its food service contract and entered into a contract with more favorable terms, including a fixed cost per meal and a guaranteed profit of \$75,000. As a result, the District's fiscal year 2015 cost per meal of \$2.74 was 10 percent lower than its cost per meal for fiscal year 2012, the audit year. Additionally, the new contract helped the District reduce its total food service costs by over \$140,000.
3. The District should enforce all terms of the food service management contract, including ensuring that it receives the appropriate refunds at the end of each contract year.	Implemented at 6 months