



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

October 31, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed a 24-month followup of the Vail Unified School District's implementation status for the 14 audit recommendations presented in the performance audit report released in August 2012. As the enclosed grid indicates:

- 9 recommendations have been implemented;
- 3 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 August 2012 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Mr. Calvin Baker, Superintendent
Governing Board
Vail Unified School District

VAIL UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued August 2012 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District’s culture of innovation fosters collaboration and creative approaches to district operations	
No recommendations	
FINDING 2: Inadequate accounting and computer controls increased risk of errors, fraud, and unauthorized access to sensitive information	
1. The District should establish a delayed payroll system in compliance with the <i>Uniform System of Financial Records for Arizona School Districts</i> to help ensure that employees are paid correctly based on actual time worked.	Implemented at 6 months
2. The District should implement proper controls over its payroll processing to ensure adequate separation of responsibilities.	Implemented at 6 months
3. The District should continue to review employee access to the accounting system and modify access to ensure that an employee cannot initiate and complete a transaction without an independent review.	Implemented at 18 months
4. The District should implement procedures to ensure that network passwords are known only to the employees who create them.	Implemented at 24 months
5. In addition to its recent implementation of password requirements related to length, the District should implement and enforce password expiration and complexity requirements.	Implementation in process The District has implemented password complexity and expiration requirements. However, expiration intervals for some employees are lengthy. Therefore, the District should consider implementing shorter expiration intervals for these employees.
6. The District should limit physical access to its IT rooms so that only appropriate personnel have access.	Implemented at 18 months

Recommendation	Status/Additional Explanation
7. The District should install anti-virus software on its Macintosh computers and servers to protect its sensitive information and protect against costly damage or interruption.	<p>Not implemented</p> <p>As noted during previous followups, the District added antivirus software to its servers and administrative computers, but not to all of its computers. Additionally, the District made antivirus software available to its staff for installation on its other computers, but does not require staff to install the software and does not track whether or not staff installed it.</p>
8. The District should review its formal disaster recovery plan to ensure that it is complete and test it periodically to identify and remedy deficiencies.	<p>Implemented at 24 months</p>
9. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p>Implementation in process</p> <p>Auditors reviewed fiscal year 2015 year-to-date expenditures and determined that the District has made substantial improvements in classifying its expenditures in accordance with the Uniform Chart of Accounts for school districts. However, auditors still identified some of the same expenditure classification errors identified during the audit. District officials stated that they have scheduled additional staff training, including training from an outside consulting firm.</p>

FINDING 3: District should strengthen some controls in its transportation program

1. The District should retain documentation supporting its ridership for state funding purposes and use its rider counts to calculate and monitor performance measures such as cost per rider and bus capacity utilization.	<p>Implementation in process</p> <p>The District retained documentation supporting its ridership for fiscal year 2014 and has started using rider counts to calculate bus capacity utilization and make route adjustments. The District should consider using its rider counts to also calculate other transportation performance measures, such as cost per rider.</p>
2. The District should implement a process to ensure that bus driver requirements are met and documented in accordance with the State's <i>Minimum Standards</i> .	<p>Implemented at 18 months</p>
3. 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>Not implemented</p> <p>Although the District created a position to specifically oversee preventative maintenance, its procedures for ensuring that preventative maintenance is conducted remain unchanged from the audit year. The District continues to submit work orders for preventative maintenance only after buses have reached the District's 8,000-mile preventative maintenance schedule. Instead, as stated in the audit report and followups, the District should plan for and schedule buses for preventative maintenance before the buses exceed the District's maximum mileage between services.</p>

Recommendation**Status/Additional Explanation****OTHER FINDING 1: District spent some Classroom Site Fund monies on ineligible employees**

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| 1. The District should reimburse the Classroom Site Fund for amounts spent inappropriately in fiscal year 2010, work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget, and ensure that only eligible employees receive Classroom Site Fund monies in the future. | Implemented at 6 months |
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OTHER FINDING 2: District spent certain extracurricular tax credit monies for inappropriate school-related purposes

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| 1. The District should reimburse the Extracurricular Activities Tax Credit Fund for the \$82,868 inappropriately spent in fiscal year 2010, work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget, and ensure that extracurricular tax credit monies are spent in accordance with statute in the future. | Implemented at 6 months |
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