



# Mary Taylor, CPA

Auditor of State

## MANAGEMENT LETTER

Columbus City Schools District  
Franklin County  
270 East State Street  
Columbus, Ohio 43215

To the Board of Education:

We have audited the basic financial statements of Columbus City School District, Franklin County, Ohio (the District) in accordance with *Government Auditing Standards*, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009.

*Government Auditing Standards* require us to report significant internal control deficiencies, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated December 14, 2009, for the year ended June 30, 2009.

Office of Management and Budget Circular A-133 requires that we report all material (and certain immaterial) instances of noncompliance, significant deficiencies, and material weaknesses in internal control related to major federal financial assistance programs. We have issued the required report dated January 15, 2010, for the year ended June 30, 2009, except for the Federal Awards Receipts and Expenditures Schedule, which is dated December 14, 2009.

In addition to the matter we disclosed to you in the reports described above, we are also submitting the following comments for your consideration regarding the District's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the reports *Government Auditing Standards* or Office of Management and Budget Circular A-133 require. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your District. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Those items marked with an asterisk (\*) in this letter were also reported to the District in the prior audit management letter.

## **NONCOMPLIANCE FINDINGS**

### **Cash Collection Points \***

Ohio Rev. Code Section 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected must be deposited by the first business day of the week following the date of collection.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. The legislative authority must adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or the funds cannot be safeguarded, the public official must then deposit the money on the next business day.

The District receives cash at numerous collection points including but not limited to, student classrooms, school building administrative offices, food service departments, student activities, sporting events, and adult education facilities. These collections range from under \$100 up to \$5,000 per event or collection period. These monies historically have been forwarded to the school building secretary for safe keeping in the school safe until picked up for deposit. The frequency of pickup depends on whether the school building is an elementary or secondary building. Elementary buildings have a pickup of funds on a weekly basis, whereas secondary buildings have a pickup on a daily basis. However, activities at secondary schools, such as student activities, are often not deposited with the school building secretary on a timely basis to enable daily pickup and deposit.

50 percent of the daily food services receipts tested and 20 percent of the athletic receipts tested were not deposited within the depository parameters of the District's policy and Ohio Rev. Code Section 9.38. In addition, the District's cash reconciliation at June 30, 2009 contained student activity monies in the amount of \$82,227 that were recorded in the general ledger, but were not yet deposited into the student activity bank account.

We recommend the District follow the Board approved policy that was implemented in September 2003 regarding the depositing of receipts from the numerous collection points. As stated in the policy and Section 9.38 of the Ohio Revised Code, all receipts that exceed \$1,000 must be deposited the next business day and those that do not exceed the threshold, must be safeguarded and deposited within three business days.

### **Allowable Costs/Cost Principles – Title I and Improving Teacher Quality State Grants**

2 C.F.R. Part 225, Appendix B subsection 8.h. provides, in part, that salaries and wages shall be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. When employees work on multiple activities or cost objectives, a distribution of compensation shall be supported by personnel activity reports that reflect the actual activity and total activity of the employees, unless certain time study requirements are met. An employee whose compensation is allocated solely to a single cost objective must furnish semiannual certificates that he/she has been engaged solely in activities supportive of the cost objectives.

The District made corrections to payroll charges on various federal programs through adjusting (EXPROC) entries. The District did not complete the appropriate personnel activity reports/certification for these payroll charges as required by 2 C.F.R. Part 225, Appendix B, paragraph 8.h.(3) for the following, although alternative measures were able to be assessed to determine the allowability these salaries:

**NONCOMPLIANCE FINDINGS  
(Continued)**

**Allowable Costs/Cost Principles – Title I and Improving Teacher Quality State Grants (Continued)**

- Out of 47 employees, one employee with \$2,522 of salaries charged to the Title II-A Improving Teacher Quality grant;
- Out of 185 employees, 11 employees with \$126,721 of salaries charged to the Title I grant.

We recommend the District maintain personnel activity reports that reflect an after the fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, and contain a certification signature of the grant coordinator and employee. These personnel activity reports should be completed semi-annually for employees that are paid solely from a single federal grant and/or cost objective and should be completed on at least a monthly basis and coincide with one or more pay periods and/or for those employees who receive less than 100% of their compensation from a single federal grant cost objective. These records should then be used to adjust budgeted grant costs to actual grant costs on at least a quarterly basis. We further recommend an effective system of reconciling the personnel activity reports with the actual payroll costs charged to each federal grant cost and cost objective to ensure the completeness and accuracy of charges made to each program by the grant coordinators.

**Allowable Costs/Cost Principles – Salary Differential – Title I \***

The Ohio Department of Education Comprehensive Continuous Improvement Plan 2009 Consolidated Application Title I set aside instructions state that salary differential allows the salary/benefit costs for teachers to be the same in all buildings even though actual individual teacher salaries may be different. With this option, the district includes pay or fringe benefit differentials (amounts above the minimal salary and benefit level) in the district administrative set-aside costs, rather than as part of the funds allocated to the individual schools. Only the minimal teacher salaries and fringe benefits are reported and paid from the school building allocation. This option must be applied consistently to the Title I staff serving both public and nonpublic school students.

For the 2009 grant year, the District did not properly apply salary differential procedures to 9 teachers based on their full time equivalency rate as certified by each teacher's time and effort certification. As a result, \$67,451 of \$24,053,620 of salary costs were charged in excess of the established maximum salary rate permitted to be charged to the school for each teacher.

For the 2008 grant year, the District did not properly apply salary differential procedures to 23 teachers based on their full time equivalency rate as certified by each teacher's time and effort certification. As a result, \$70,492 of \$5,314,301 of salary costs were charged in excess of the established maximum salary rate permitted to be charged to the school for each teacher.

We recommend the District take steps to ensure all teacher salaries are properly allocated between the school's operational unit (OPU) and the salary differential set aside line item in accordance with the Title I grant salary differential procedures.

## RECOMMENDATIONS

### Monitoring Controls \*

The Board of Education should monitor the financial data of the District. Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the users' expectations. Effective monitoring controls should identify unexpected results or exceptions, investigate underlying causes, and take corrective action.

In Fiscal Year 2009, the Board only reviewed a summary of revenues and expenses for District operations for the General and related 5-year forecast funds. It does not provide the necessary detail needed to have effective monitoring controls, such as the inclusion of all funds, fund balances, investment portfolio, and budget versus actual information. Lack of effective legislative monitoring may lead to errors, irregularities, or misappropriation of the Board funds.

We recommend the Board receive monthly detailed financial data reports for its review. These reports should include a summary of all funds revenues, expenditures, and fund balances, investment portfolio, and budget versus actual reports.

### Time and Effort Certification Process – Federal Grants \*

In relation to federal grant programs, when employees work on multiple activities or cost objectives, a distribution of compensation shall be supported by monthly personnel activity reports that reflect the actual and total activity of the employees, unless certain time study requirements are met. An employee whose compensation is allocated solely to a single cost objective must furnish semiannual certificates that he/she has been engaged solely in activities supportive of the cost objectives.

The District made numerous corrections to personnel activity reports/certifications throughout the year, which resulted in adjusting (EXPROC) entries to employees' payroll costs to the correct the percentage, grant(s), and/or operational unit(s) (OPU) originally charged. These stemmed from corrections made by the certifying employee or supervisor that were not updated in the payroll system in a timely manner or were not identified timely in the process.

- Out of 185 employees, 12 employees who completed multiple altered monthly certifications had \$162,545 in salaries and 8 employees who completed an altered semi-annual certification had \$396,796 in salaries added to the Title I grant.
- Out of 47 employees, 6 employees who completed multiple altered monthly certifications had \$57,783 in salaries and 6 employees who completed an altered semi-annual certification had \$71,151 in salaries added to the Title II-A grant.

We recommend any changes made to the personnel activity reports/certifications be completed in a timely manner to ensure employees are charging costs to the correct grant(s) and/or OPU. Additionally, the payroll system should be timely modified to reflect these changes to prevent future charges from accruing and certifications from having to be altered.

## **RECOMMENDATIONS (Continued)**

### **Title I - Program Building Allocations \***

The District allocates the Title I award to school buildings after set aside allocations based on the percentage of impoverished students at the each school due to operating a District-wide program. Impoverishment is determined using federal free and reduced lunch participation at each building. From this percentage, each building is ranked in order of need, based on the poverty levels. Through this process, the District created groupings or "bans" of schools with similar poverty percentages. Schools within the same ban each receive the same per pupil allocation of Title I funds, with the most impoverished buildings receiving the highest per pupil allocation. In the initial year (Year 1) of a grant award, funds are distributed between the schools using this method.

The District may carryover these funds from the initial year (Year 1) of the grant award to the following year (Year 2) upon approval by the Ohio Department of Education if it meets certain criteria. Upon carryover, these unspent funds no longer carry the identity of the school from which they originated. The unspent funds are instead carried over and added to the following grant year's award (Year 2) in total for allocation and distribution and use in the following year (Year 2).

Under this current method of treatment for carryover funds, funds are being redistributed exclusively to set-aside activities. As a result, buildings that did not spend their full allocation in the initial year (Year 1) have all of their carryover funds redistributed to set aside activities and therefore receive only the following grant year allocation (Year 2) excluding the specific carryover amount for the school from the initial year (Year 1). Therefore, the resulting allocation of initial year (Year 1) funds over the two year period during which they were spent (Year 1 and Year 2) is not proportionate to the schools poverty percentages established in the initial year (Year 1) resulting in schools not being served in rank order.

As of June 30, 2009, 7 eligible Title I schools had spent less than 80 percent of their allocated funding for the fiscal year 2008 grant. The District carried over \$5,903,643 of funds from the fiscal year 2008 grant (the initial grant year), which represent unspent monies that were allocated to specific schools or programs that were re-allocated in the 2009 fiscal year (the carryover grant year) to set aside activities. The amount of funds carried over represents 13.6 percent of the initial 2008 grant award that was not spent according to the 2008 grant year's identified poverty percentages and allocated budget.

Furthermore, as of June 30, 2009, 9 of the Title I schools had spent less than 75 percent of their fiscal year 2009 Title I budgeted allocation in the initial grant year, with only an extended two months of obligation period remaining.

We recommend the District implement measures to identify all eligible costs (including personnel, programs, activities, materials, etc) at each building when establishing current year budgets and forecasts, to ensure building needs are met and the current year grant funds are utilized for each individual building within the initial grant period. In addition, we recommend a monitoring mechanism be established to monitor costs against established budgets to ensure schools are not over spending or underutilizing their Title I allocation for each respective school.

## **RECOMMENDATIONS (Continued)**

### **Financial Reporting**

Sound financial reporting is the responsibility of the District's Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The District utilizes the Uniform School Accounting System and currently has monitoring controls over daily cash-basis transactions entered into the system. At year-end the cash basis information from the accounting system is converted into the financial statements reported under Accounting Principles Generally Accepted in the United States of America. Accrual information is prepared by the District and is submitted to an outside accounting firm to prepare the financial statements.

The following audit reclassification was made to the financial statements:

- Adjustment to reclass Equity and Pooled Cash and Cash Equivalents to Investments for \$60,226,592 for the Building Fund and Governmental Type Activities

The following difference was immaterial to the overall June 30, 2009 basic financial statements of the District and was not posted:

- Adjustment to decrease General Fund Final Appropriations for \$1,909,320 to match the Board approved amount.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the District continue to develop and enhance policies and procedures to further enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the District and thereby increases the reliability of the financial data throughout the year. We also recommend the District enhance/implement procedures over the completeness and accuracy of financial information reported within the Comprehensive Annual Financial Report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

**RECOMMENDATIONS  
(Continued)**

**Payroll Transactions – Integrity of Standing Data \***

There is no electronic interface between the payroll and personnel systems and most of the updates to the standing data in the payroll master files require manual input, which by its nature is prone to input error.

Changes made to the personnel master file are documented by “before and after” reports generated from the personnel system. These reports provide the changes needed to be made to the payroll master file. No verification of changes made to the payroll master file against approved personnel action forms is performed by District management after the update. A bi-monthly electronic comparison between the payroll and personnel master files is completed to reveal differences in the employee name, building code, department code, pay rates and class code between the two data sets. Although the District performs this comparison, instances of fraud and misstatement are not reduced to a low level of risk. The bi-monthly comparisons are only conducted at points in time, not at the time each data change occurs. District grant coordinators formulate listings at the beginning of each school year that identifies eligible District employees that will perform eligible grant services during the year. Each grant coordinator’s listing of employees should be forwarded to the personnel department for updating and integration into the District’s personnel and payroll systems. The listing should then be reviewed against the standing data of employees charged to each grant to ensure that all ineligible employees have been removed from the grants and that all appropriate employees have been added.

At year end, the USPS system is reviewed and employees charged to the system are compared to the listing of approved employees eligible to charge to each respective grant. Due to incorrect coding of both eligible and ineligible employees, several million dollars of adjustments were made to move payroll costs to and from grants during the fiscal year. Errors noted during grant testing, resulted in a recommendation over timely updating to employee coding in the system and a citation for 2 C.F.R Part 225.

Payroll transactions, which constitute the largest source of the District’s expenditures, are dependent on the standing data maintained in the master file to ensure payroll expenditures are posted to the proper fund and calculated at approved salary rates for actual hours worked.

We recommend the payroll and personnel systems be electronically interfaced so that manual input occurs only once. This will enhance the integrity of the payroll system and minimize the errors inherent in manual input. Management should verify all changes to standing data against the “before and after” report.

We further recommend the District implement a process whereby changes to eligible grant employee lists are communicated to the personnel and payroll departments via approved personnel action forms, preceded by a review of system generated listings by the grant coordinators for accuracy of input.

## RECOMMENDATIONS (Continued)

### **Athletics Receipt Cycle**

Recognizing the risk associated with cash transactions, the Treasurer's Office devised, adopted and implemented a policy and summarized its requirements in the Treasurer's Office Handbook, (the Handbook) updated August, 2008. The policy governs cash handling, recording and depositing of athletic receipts and illustrates the required Ticket Sellers Report, in Exhibit 7, of the Handbook, (the Report) to document the collection activities. The Handbook sets forth the following guidelines for the preparation of the Report: "ticket sales must be recorded on a Ticket Seller's Report; unused tickets must be secured with access limited to authorized personnel only; and, all ticket numbers must be accounted for as sold, given away (with appropriate approval), or on hand [remaining after the event]". This information is summarized on the Report for reconciliation of the monies collected to the tickets accountable. Of the Ticket Sellers Reports tested, four percent (4%) were not completed.

The athletic department uses the Ticket Inventory Control Log to reconcile the tickets issued throughout the year to the total collections of the corresponding year. This process enables the athletic department to account for all tickets used, assess whether all potential monies were collected and validate the individual Reports. Of the Ticket Inventory Control Logs examined, twelve percent (12%) did not complete the sequence of the ticket roll from start to finish without unexplained gaps in ticket sequences on the log, which inhibits the ability to ensure the completeness of the ticket usage.

The athletic department uses the Athletic Financial Reports to document the financial activity for the District event taking place. Of the Athletic Financial Reports twenty-eight percent (28%) were not signed by the Athletic Director and fifty-two percent (52%) were not signed by the school Principal (as stated in the Student Activity Handbook).

Additionally, four percent (4%) of District Pay-Ins were not fully completed with a sign off of the activity sponsor.

Failure to have appropriate controls inhibits management's ability to ensure monies due and collected are receipted and reflected in the financial records of the District. Furthermore, without the proper controls in place, management will not be able to timely identify the theft or misappropriation of receipts.

We recommend the District emphasize the requirement to complete and file Ticket Seller's Reports, Financial Reports, Pay-Ins, and Ticket Inventory Control Logs to individuals required to comply. The District should implement monitoring controls to ensure current policies are followed. As part of the monitoring controls, the District's Internal Audit Department could periodically monitor these activities for compliance.

## **RECOMMENDATIONS (Continued)**

### **Capital Assets \***

The District has developed and implemented procedures to track the movement of capital assets from department to department, retirement, sale, disposal and acquisition. The use of the Fixed Asset Inventory Control Form (the Form) is encouraged, but not required. At the time of acquisition, the Form is prepared using a unique tag number and the serial number. The department receiving the asset is required to document on the Form the asset location and return the Form to the Treasurer's office. Further asset movements and changes in status required to be documented on the Form and forwarded to the Treasurer's office as well. However, in place of using the form, other supporting documentation has been deemed reasonable support by the District for tracking capital assets, including auction records, school inventories performed, email notifications, delivery services forms, etc.

Over a biannual basis the Treasurer's office fixed asset clerks physically inventory all capital assets (assets over \$5,000) and assets above the District's tracking threshold of \$500 for computer and audio-visual equipment at each building. Discrepancies from the asset database to inventory results including additions, disposals, location, and condition changes are identified and updated to the District's capital asset tracking system (the System). After the inventory, a report is sent to the building administrator for review and verification, including any assets not located. The building administrator is requested to oversee efforts to locate assets not located during the first inventory, in advance of a follow-up inventory that is again performed by the fixed asset clerks. After the completion of the follow up inventory a final report of assets successfully inventoried and those not located is sent to the building administrator and their respective executive director. Following the final report, assets not located have their status changed to not located, which deletes them from the District's active inventoried assets and treats them as a disposal if not subsequently located during the same year the building was inventoried. If such an asset is located during another building inventory at that school or another school or is later located by the building administrator, prior to disposal, it is re-activated.

Our review of the capital asset tracking system and procedures identified the following conditions:

- 1.7 percent of equipment tested could not be located, while 5.0 percent of equipment tested was located at a different building than that listed on the capital asset listing;
- 1.7 percent of equipment tested was not tagged by the District;
- Inventory Control Forms, which served as the evidentiary approval mechanism for additions, disposals, and asset changes was removed from the District's policy as a requirement for fiscal year 2008. Additionally, assets denoted as missing during inventories are being disposed of without any knowledge of what actually happened to the asset or follow-up to determine the nature of the disposition, other than the follow up inventory that attempts to locate the asset again. Therefore, there is not an evidentiary approval for disposals, as the policy does not have a set control for the authorization of disposals, prior to the assets being disposed.
- 1,696 inventoried assets were determined to be missing during inventories and were subsequently disposed of at the end of the fiscal year. Of these assets, 583 did not have an assigned cost, while the remaining 1,113 items had an assigned original cost of \$3,536,853. For the denoted assets with an assigned original cost, \$1,784,612 of the assets were capital assets above the District's capitalization threshold of \$5,000, with a net value of \$83,706. In addition, \$131,095 of the original assigned cost of the missing capital assets were purchased from federal funds, which are subject to federal disposal requirements.
- The Fleet Services department uses their own system to track their equipment. However, this system is not integrated with the District's overall system for tracking capital assets.

The combination of these capital asset weaknesses could result in the loss, misappropriation, theft, or diversion of assets, noncompliance with federal grant requirements, and inaccurately valued and reported capital assets.

## RECOMMENDATIONS (Continued)

### Capital Assets \* (Continued)

We recommend the District ensure that all of its schools/departments comply with its capital asset tracking policies to help ensure an accurate and complete capital asset listing is maintained and updated timely. We also recommend the District reinstate the control of the Fixed Asset Inventory Control Form as part of their Capital Asset policy, as it was an integral part of the District's control structure over capital assets.

Additionally, investigation/tracking procedures should be implemented regarding missing assets prior to write off through disposal. Disposal of federal assets should be evaluated against federal guidelines with monies remitted to the grantor agency, if applicable. Moreover, the District should integrate subsidiary capital asset databases with the Bar/Scan tracking system to enable the subsidiary systems to track assets based on the District tag numbers, and not a separate set of equipment numbers.

### Student Activities \*

Cash receipts from student activities are often a source of concern for Districts. Recognizing the risk associated with these cash transactions, the Board adopted Policy #5156, Elementary, Middle and High School Activities, on November 5, 1985. This policy requires all fund-raising activities conducted for a school, or through a club, class, athletic team or organization connected with the school to be approved by the building principal prior to the commencement of the activity. The Student Handbook states that no spending may take place until the Purpose Statements and Budgets is approved by the principal and is recorded by school support. All receipts and disbursements relative to the activity must be processed through the Student Activity fund of the District, and a final accounting of the financial activity must be documented on the Financial Report-Student Activities Fund-Raiser Project form.

Board policies governing student activities are not being followed on a consistent basis. For those fund raisers tested, twelve percent (12%) did not have an approved Purpose Statements and Budgets prior to the activity commencing. Also, four percent (4%) did not have a completed Financial Report-Student Activities Fund-Raiser Project forms (which is to be used to reconcile the activity at completion). Additionally, eight percent (8%) of District Pay-Ins were not fully completed with sign off of the activity sponsor.

We recommend the District ensure current Board policies established to govern student activities are adhered to on a consistent basis and in addition, supporting ledgers, duplicate receipts and other financial records should be maintained by advisors to ensure accountability and safeguarded assets. Additionally, we recommend the District adopt a 30 day submission requirement for Financial Report-Student Activities Fund-Raiser Project following completion of the fund raiser, in lieu of the current submission requirement of the end of the school year. We also recommend student activities be subject to ongoing monitoring by the District's Internal Audit Department to help ensure compliance.

## **RECOMMENDATIONS (Continued)**

### **Job Descriptions – Information Technology Department \***

In order to ensure sufficient separation of duties and position requirements are met when hiring, detailed job descriptions should be documented accurately for all job classifications within an entity.

The District does not have updated job description that reflects the job responsibilities of each employee in the information technology department. Some job descriptions are so old that they reference systems that no longer exist. In addition, job titles do not match the job titles on the organizational chart.

Without periodically updating the job descriptions, a clear separation of duties and identification of individual responsibilities and required capabilities are not apparent.

Management should obtain updated job descriptions for all information technology department employees. In addition, these job descriptions should be evaluated on a periodic basis to ensure they are reflective of the current responsibilities and required capabilities of the positions established.

### **Accounts with Pre-Expired Passwords and No Password Lifetimes \***

Users of software applications should be granted access to only those computer applications and functions they require to perform their job. To help ensure this, passwords are used to authenticate the identity of the user attempting to gain access to those computer applications. To prevent the integrity of these passwords from being compromised, passwords should be changed periodically.

The following information was discovered about user accounts.

- There were 90 of 366 (19%) accounts on CPSONE have pre-expired passwords. Of these, 65 are user accounts and 25 are system accounts.
- On the CPSONE system, an account had a password lifetime of “none”. All other user accounts had a password lifetime of 90 days.
- On the CPSAX2 system, two accounts had password lifetimes of “none”, with the password for one of the accounts pre-expired.

Having a large number of user accounts that are not logged into makes it more difficult to manage the accounts and monitor system activity. Potentially, unauthorized logical access to the Alpha and the respective data could be gained. Without controls in place to identify and remove unnecessary accounts, there is a greater risk of unauthorized access to programs and data files. Unauthorized access could result in the execution of inappropriate application transactions or the alteration of program or data files, which could lead to a misuse of resources.

Management should periodically review the accounts on both systems. All unnecessary accounts should be removed. If the account is needed, users should be required to login immediately after their account is created to change their password. All user accounts, including high privileged system accounts, should have forced password changes in place. Additionally, management should develop and implement monitoring procedures to ensure controls are being performed as intended by management.

**RECOMMENDATIONS  
(Continued)**

**User Access Requests \***

To ensure accounts with access to software applications are appropriate, documentation evidencing proper authorization and levels of access requested must be maintained for all active users. In addition, policy must outline the procedures for user account authorization and retention of association documentation.

The Treasurer's office utilizes the State Software Policies and Procedures and Account Authorization form. All forms were signed by an Administrator authorizing the account.

- 9 of 40 (22.5%) user requests were granted access that was not equal to what was requested on the Account Authorization form.
- 3 of 40 (7.5%) users were granted less access than what was on the request form.
- 6 of 40 (15%) users were granted more access than what was on the request form.

Without the proper use of written requests, unauthorized accounts could be created or users could be granted additional privileges than what is actually needed.

Management should ensure that all users have a current approved authorization form on file and access granted should not exceed what was requested. In addition, when a user's access rights change, a new form should be submitted and kept on file. This form should also include all approved access rights. User access should be periodically reviewed to help ensure that users have the proper access needed for their job.

These comments are intended for the information and use of the audit committee, management, and the Board of Education and are not intended to be and should not be used by anyone other than these specified parties. The District has responded to the items discussed in this management letter. A copy of the responses may be obtained from Penelope Rucker, Treasurer, at (614) 365-6400.



**Mary Taylor, CPA**  
Auditor of State

December 14, 2009