

Fort Thomas Unified School District #7

15560 W. Elementary School Road
P.O. Box 300
Fort Thomas, Arizona 85536

May 1, 2013

State of Arizona

Office of the Auditor General

Debra Davenport, Auditor General

2910 North 44th Street, Suite 410

Phoenix Az 85018

Ms. Davenport,

Fort Thomas Unified School District (FTUSD) respectfully submits its response to the Performance Audit for Fiscal year 2010. The Audit identified three main findings relating to high costs in administration, plant operation and space and our food service program. The audit also identified two other less significant findings related to coding errors and classroom site funds. FTUSD has addressed each recommendation in the report by stating that FTUSD:

1. Does or does not agree with the findings and recommendations and
2. Will implement the recommendation, will implement a modification to the recommendation, or will not implement the recommendation.

FINDING #1 – FTUSD Agrees with the finding.

RECOMMENDATIONS

1. FTUSD agrees with the recommendation to review its administrative positions and related duties and salaries to determine how costs can be reduced and will and will make adjustments as deemed appropriate. FTUSD notes that upon review of district records (23XX, 24XX, 25XX) the following changes have been made since FY10:
 - a. Administration position related to the 21st Century Program has been eliminated. Cost reduction of approximately \$30,000.
 - b. Special Education director was coded to administration. Should be coded to instruction support. Cost reduction of approximately \$63,000
 - c. In-service Coordinator position eliminated. Cost Reduction of approximately \$48,000.
 - d. Elimination of one school secretary. Cost reduction of \$32,000.
 - e. There were some additional one time payouts for vacations, etc. from the eliminated positions that were not recurring costs. Estimated reduction of \$17,000.

District
Dr. Leon Ben
Superintendent

Derrick Bryce
Director of Business

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High School
Shane Hawkins
Principal

P. (928) 485-2427
F. (928) 485-2834

Elementary School
Lonnie Lunt
Principal

P. (928) 485-2433
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2. FTUSD agrees with the recommendation to limit the number of employees attending a given conference to key employees and will limit attendees to key employees. The upcoming budget has required a severe reduction in travel due to federal sequestration.
3. FTUSD agrees with the recommendation for a delayed payroll. Effective 07/01/2012 FTUSD has implemented a delayed payroll.
4. FTUSD agrees with the recommendation to strengthen controls and oversight over purchasing. The business manager will review the supporting documents prior to authorizing payment for transactions deemed material to FTUSD.
5. FTUSD agrees with the recommendation to strengthen controls and oversight over fuel card purchases. The business manager will review the supporting documents prior to authorizing payment.
6. FTUSD agrees with the recommendation to strengthen controls and oversight over travel. The business manager will review the supporting documents for material travel expenditures prior to authorizing payment.
7. FTUSD agrees with the recommendation to require detailed invoices from all vendors. Periodic reviews of selected invoices are conducted by the business manager. FTUSD notes that the recommendation stems from one grant that did not have sufficient documentation and that grant is over and FTUSD has not renewed.

FINDING #2 - FTUSD Agrees with the finding.

RECOMMENDATIONS

1. FTUSD agrees with the recommendation. We are currently looking at several options and scenarios that will utilize our space more effectively. Some scenarios involve coordination with the San Carlos Apache Indian Tribe.

FINDING #3 - FTUSD Agrees with the finding.

RECOMMENDATIONS

1. FTUSD agrees. FTUSD became self-operated as of 02/26/2013
2. FTUSD agrees. FTUSD became self-operated as of 02/26/2013
3. FTUSD agrees. FTUSD became self-operated as of 02/26/2013
4. FTUSD agrees. Action is pending.
5. FTUSD will reassess the NSLP provision 2 program. A preliminary reassessment shows that FTUSD is losing approximately \$39,000 per year in revenues due to the provision 2 status. FTUSD estimates that we would need one additional employee to manage the paid accounts and ensure that the charges do not become excessive. The past

experience of our current food service manager was that kids that were required to pay, did not pay and the district ended up providing them an alternative meal at a cost of \$0.85 per meal. Given the fact that we would incur additional costs to monitor the program and still have associated food costs we think that the provision 2 program is a viable option for FTUSD at this time. We also note that the free and reduced percentages have increased substantially since the FY2010 school year.

OTHER FINDINGS - FTUSD Agrees with the finding.

RECOMMENDATIONS

1. FTUSD agrees with the recommendation to classify all transactions in accordance with the Uniform Chart of Accounts. FTUSD has sent employees to training and made an effort to code transactions correctly. FTUSD will continue to make efforts to improve coding.
2. FTUSD agrees with the recommendation to properly distribute CSF monies to eligible employees and in accordance with its board approved plan. The noted items were corrected in the final payout in FY12 and the first distribution in FY2013. We will continue to monitor the payments to ensure compliance.

Sincerely,

Dr. Leon Ben, Superintendent