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July 24, 2012

Ms. Debbie Davenport, Auditor General  
Office of the Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

Enclosed is the Marana Unified School District #6 response to the Auditor General's Performance Audit Report. We are indebted to Vicki Hanson, Audit Manager, and her team for the time, effort, and professionalism displayed while on assignment at our District.

We are pleased that there were a minimal number of areas where a recommendation was needed. We are always looking for ways to improve efficiency in our District so that additional funds will be available in the classroom. We are appreciative of the suggestions from your staff and have continued to utilize those suggestions, as well as evidence based best practices to improve our capacity to deliver the best education for our students.

Please do not hesitate to contact me if I can be of further assistance.

Regards,

Doug Wilson, Ed.D.  
Superintendent

**Finding 1: Better oversight and controls needed to help reduce the risk of errors and fraud.**

**The District agrees with this finding and will implement the recommendations.**

Recommendation 1: The District should work with its legal counsel to obtain payment from the university for the district teacher who worked for the university in fiscal years 2010, 2011, and 2012.

Before incurring the expense of legal counsel, the district will attempt to collect past owed funds from the university directly. The university and district have had communication and it appears this will be accomplished without the use of legal counsel. If not, then legal counsel will be sought.

Recommendation 2: The District should work with its legal counsel and the Arizona State Retirement System to determine whether the education association employee was eligible to participate in the state retirement system and, if not, what actions should be taken.

The District worked extensively with its legal counsel in 2005 to ensure that a proper course of action was taken regarding this employee. Recent consultation with legal counsel confirms that telephone conferences between District legal counsel, AEA legal counsel, and the Assistant Attorney General centered on the arrangement as applying to multiple years, since the term for which the employee was elected was a multi-year terms. Nevertheless, the District will direct legal counsel to consult with the Arizona State Retirement System to determine whether or not any actions need to be taken.

Recommendation 3: The District should ensure it provides employee benefits, including Arizona State Retirement System membership, only to qualified district employees.

With the change in statute (15-504) in 2010, the District ended its agreement with AEA for this employee and will continue to ensure that only qualified District employees receive employee benefits.

Recommendation 4: The district should ensure that it properly deducts employee leave balances when employees use sick, vacation, and personal leave.

At the time of the audit we were in the process of changing from a paper form for tracking leave time to an electronic system for tracking time. Currently we are using Time Trak to track a support staff employee's time and attendance. If they are absent the school/department is required to enter the type of leave time the employee is using into the Time Trak system. At the end of the pay period Time Trak is uploaded into our accounting system (Visions) in order for the leave time to be deducted from the employee. If time is missing from an employee's timecard, the school/department is contacted to see what type of leave time should be used or if the employee does not have sufficient leave

balances, then should the employee be docked for time not worked. The school/department is then required to send payroll a revised timecard with the correct information. Certified/exempt staff is required to enter their absences into the I-Portal with the type of leave they will be using for their absence. Also, if they require a substitute, they must also enter it into the sub finder system (AESOP). At the end of the pay period, the information from the I-Portal and AESOP are compared by payroll. If there is a discrepancy, the school/department is required to revise and resubmit their information to payroll.

The payroll manager conducts random audits throughout the year. She also researches any discrepancies during the compilation of compensated absences.

The employees noted during the audit have had their leave time adjusted. The only exception is one employee who submitted their resignation prior to the adjusting of leave time. Documentation for these employees is available.

Recommendation 5: The District should limit employees' access to only those accounting system functions needed to perform their job responsibilities.

The District has further restricted the access to our accounting system. We will continue to assure appropriate access levels with relation to job responsibilities are maintained.

Recommendation 6: The District should ensure that all purchases are approved at the school sites prior to issuing purchase orders and ensure that all purchase orders are approved prior to the purchases being made.

While the District procurement process has been tested many times successfully through our annual independent audit, this issue has never surfaced. We do understand the ramifications of not having proper controls in place at the school level and will work on a system that insures compliance. The suggestion of having a principal approve purchases prior to submittal to purchasing department or simply having another person at the site receive the items will be implemented immediately.

Recommendation 7: The District should classify all transactions in accordance with the Uniform Chart of Accounts for School Districts.

The District had already taken action to correct before this audit was complete.

**Finding 2: Transportation program reasonably efficient, but District should improve controls over bus driver time, fuel usage, and reporting of riders.**

**The District agrees with this finding and will implement the recommendations.**

Recommendation 1: The District should limit the amount of nonproductive time for which it pays its bus drivers, as well as monitor the time each employee works in order to ensure that it appropriately pays drivers for overtime.

In order to limit nonproductive time, scheduled hours have been reduced on 28 routes and extra assignments have been added to 26 others. Each route has been assigned a schedule of expected route hours for route sequences that occur. The District has installed mobile communications systems in all buses that will allow drivers to clock in and clock out. These clock times can then be transferred into the District Time Trak system for accurate reporting of hours worked.

Recommendation 2: The District should assign an individual the responsibility of reviewing the fuel logs to ensure that fuel purchases are appropriate and follow up on any questionable purchases.

Logs will be reviewed regularly from the records downloaded from the fuel pumps. In addition locks have been installed on all tanks lids.

Recommendation 3: The District should track and report the actual number of students transported as required by statute, retain these numbers, and use them to calculate performance measures to evaluate its transportation program's efficiency.

For our last report the actual number of riders on a selected date was submitted. In the future we will have access to reports generated from RFID technology to ensure the most accurate numbers are retained and used for evaluation.

Recommendation 4: The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding reports.

The District has contacted their office and spoke to the staff regarding the Transportation Route Report. They did not require any changes to the report.

**Finding 3: District paid some Classroom Site Fund monies to ineligible individuals and for unmet goals.**

**The District agrees with this finding and will implement the recommendations.**

Recommendation 1: The District should ensure that only eligible employees receive Classroom Site Fund monies.

Beginning with the 2011-2012 school year, a new contract was created for certificated employees who are not eligible to receive classroom site funds. Instead of receiving a Prop 301 supplement, they receive an M&O supplement in lieu of Prop 301. If they qualify to receive Performance Pay per the District plan, they receive an equivalent amount paid from M & O funds. Any certificated employee who does not have a teaching certificate and/or does not spend at least 50% of their time with students receives this contract.

Recommendation 2: The District should reimburse the Classroom Site Fund for monies spent for unallowable purposes in fiscal year 2010 and work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget.

The District will seek guidance from the Arizona Department of Education to remedy the situation.

Recommendation 3: To promote improved performance, the District should require that teachers attain their agreed-upon goals in order to receive additional performance pay.

The District agrees that teachers did not meet their goals in order to earn performance pay, but the teachers did meet the requirements of the approved plan. The statute does not require meeting the goals in order to qualify for performance pay. The State Board of Education was charged with establishing a Performance Pay Task Force to evaluate the performance based pay plans of each district in the state. The District's Performance Pay Plan was evaluated and approved by the Task Force as presented. Nevertheless, the District is committed to promoting improved performance and will work with the Performance Pay committee to make appropriate changes to the plan.

**Other Findings: District lacks many formal information technology policies and procedures.**

**The District agrees with this finding and will implement the recommendations.**

Recommendation: The District should document formal information technology policies and procedures related to how and when terminated employees' access is removed, disaster recovery, wireless security, data access, and controls over changes to the District's IT infrastructure to ensure the security and integrity of its network and data.

Deleting Accounts For Terminated Employees: When IT receives notification from HR that an employee has been terminated, the account is immediately disabled. We're in the process of creating a special Organizational Unit (OU) within Active Directory for these disabled accounts to reside for 30 days. After such time, and should that individual not be rehired, that account will be deleted.

Disaster Recovery: To prevent against the loss of widespread data as a result of sudden power loss, the MUSD IT Department installed a generator in July, 2012. To protect against heat accumulation in the server room, which would then place our hardware (and residing data) in harm's way, we will install an additional air conditioner system by September, 2012. Adding this new system to our existing A/C units will provide redundancy in the event that either A/C system should fail.

To protect against loss of data due to a fire in the server room, we currently have tapes taken from that location to a fire-safe vault in the Superintendent's office on the 15<sup>th</sup> of every month.

Considering fire, as well as water, over the next year or so, we intend to create redundant data storage, at a school to be determined on the east side of the freeway, that will receive copies of our data on a weekly basis over our WAN. At that same location, we also intend to have up to 5 idle servers that will be preloaded with the appropriate software to run our mission critical applications, including Visions, Synergy (Genesis), etc., should a catastrophe strike the District. Topology maps will be consulted in choosing a location that should be free of potential flooding conditions.

Wireless Access Points: We have begun deploying an enterprise 802.11 wireless system that will cover all 17 campuses by December, 2012. As a result, the existing wireless access points and routers that have been set up in an ad hoc manner over the years will be removed. All new access points will be from the same manufacturer with the same type of security encryption.

Data Access: Most of our data resides in two different areas – our storage area network (or SAN), as well as our file servers. Speaking first of our SAN, MUSD SQL servers, which processes data to eventually reside on the SAN, are only accessible by three IT managers. The SAN itself is only accessible by two IT managers.

Secondly, our file servers, which hold every employee's "Z Drive" data - a location where people can store their data on a server that will be backed up - are accessible by all members of the IT Department for troubleshooting purposes. Individuals outside the IT Department cannot access each other's data unless placed on a different drive specifically meant for sharing.

Controls over changes to the District's infrastructure: The only people who can participate in large virtual or physical infrastructure changes to our network are those within the Technology Department. The Director of Transportation has been granted Administrator rights to that department's servers, because as a former employee of the IT Department she is technically qualified to have those rights.

For virtual security, only those in this department have been granted domain administrator credentials. For physical security, only those in this department and several in Maintenance possess keys that can access IDF, MDF and LA cans that house important District infrastructure, including switches, routers, etc.