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Miami Area Unified School Dist. #40

November 3, 2008

Debra Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

RE: Response to Miami Unified School District No. 40 2007 Performance Audit

Dear Ms. Davenport:

Miami Unified School District respectfully submits its response to the Performance Audit conducted by the Auditor General for fiscal year 2007. Administration reviewed the report and feels the recommendations will improve our processes and procedures. Administration also believes the audit demonstrates the District's commitment to fiscal and programmatic integrity and fidelity.

The Performance Audit revealed areas on which the District will focus intently for improvement. Implementation of the recommendations has already begun.

Miami Unified School District appreciates the professionalism of your staff during the audit process. Their willingness to discuss the issues to insure accuracy and understanding is highly admired and greatly appreciated. Miami Unified School District will continue to operate in a fiscally responsible manner with student needs as the focus.

Sincerely,

Don E. Nelson
Superintendent

ADMINISTRATION RECOMMENDATIONS

1. The District should examine the costs and benefits of paying for retiree healthcare benefits to determine whether to continue offering this option to future employees.
 - a. The District agrees with this. At this time we are currently evaluating a supplemental policy for retirees eligible for Medicare. This would decrease the annual cost by approximately \$58,000 per year. The district reduced the age to which benefits would be provided from 70 to Medicare Eligible beginning with employees retiring after June 30, 2004. There have been several attempts from the Governing Board and Administration to discuss this matter. Each attempt faced such community uproar that the Board has been reluctant to pursue the issue. This is a starting point and the district will continue to pursue other alternatives.

2. The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without an independent review and approval.
 - a. The District is in agreement with this recommendation. The district has changed the allowable access to our computerized system including purchase order approval for accounts payable, employee entering for payroll, and limited the access to GFA/Maintenance Secretary. The district office will segregate duties within the auxiliary/student accounts to insure independent account balancing. We will continue to evaluate this situation for more areas that can be controlled.

3. The District should implement proper controls as outlined in the Uniform System of Financial Records over its team shop sales and inventory, including using its computerized cash register to help properly account for sales and inventory.
 - a. The District agrees with this recommendation and has implemented plans to correct this issue. The CTE Director and Marketing teacher have been instructed to implement the use of the computerized cash register for inventory and sales. Until this process is complete and all students have been trained on the POS register, the Vandal Shop will be closed.

STUDENT TRANSPORTATION RECOMMENDATIONS

1. The District should create and use efficient bus routes to maximize use of bus capacity.
 - a. The District agrees with this recommendation and has reviewed and revised the bus routes. Miami USD cut routes to Top of The World and San Carlos that will eliminate approximately 18,000 miles per fiscal year. These two routes serviced less than 24 combined out-of-district students. Two other routes within the district boundaries have been combined to better utilize bus capacity. The District continues to review rider numbers and identify low volume areas to combine bussing and eliminate waste.

2. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity utilizations.
 - a. The District agrees with this recommendation and is in the process of developing cost monitoring measures.

3. The District should ensure that bus preventative maintenance is conducted and documented as specified in the Arizona Department of Public Safety's Minimum Standards for School Buses and School Bus Drivers.
 - a. The District agrees with this recommendation and is implementing the program.

PLANT OPERATION AND MAINTENANCE

1. To reduce its water expenditures, the District should monitor water usage at each of its schools, work to isolate high usage areas, and identify steps it can take to reduce usage.
 - a. The District agrees with this recommendation and will implement the plan.

2. To reduce its natural gas expenditures, the District should develop a district-wide energy conservation plan, which could include steps to lower energy usage based on each school's facilities and equipment, and a component for educating staff and students about energy conservation.
 - a. The District agrees with this recommendation and will implement the plan.

PROPOSITION 301 FUNDS RECOMMENDATIONS

1. The District's Proposition 301 plan should specify which positions are eligible for the monies and the maximum amount, or range of performance pay each eligible employee can earn if performance criteria are met.
 - a. The District agrees with this recommendation. A new plan document is being presented to the Governing Board for approval on November 13, 2008. The plan includes all specified information.

2. The District should reimburse the Classroom Site Fund with monies from the appropriate funds and ensure that it does not use Proposition 301 expenditures to supplant existing expenditures.
 - a. The District agrees with this recommendation and will implement the plan noting that this was a clerical error, not an ongoing or initiated practice.

3. The District should contact the Arizona Department of Education regarding the restatement of the District's Annual Financial Report for fiscal year 2007 for the supplanted amount.
 - a. The District agrees with this recommendation. The Arizona Department of Education has already been contacted with the requested revisions to the 2007 and 2008 AFR that will return \$42,317 to the Classroom Site Fund, specifically fund 013.

4. The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with the District's plan.
 - a. The District agrees with this recommendation and a plan is in place. Each site administrator is responsible to document and sign off on attendance, tutoring, professional development, evaluations, and student improvement. Copies are provided to the district office, compiled and payment is based on the administrative verification provided.

CLASSROOM DOLLARS RECOMMENDATIONS

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
 - a. The District agrees with this recommendation and is currently working on corrections and training.

2. The District should closely analyze its spending in non-instructional areas, especially administration, student support, and food service, to determine if savings can be achieved and whether some of these monies can be redirected to the classroom.
 - a. The District agrees with this recommendation. The District has tightened controls over the food service. 2007 was the first year with a new contracted firm. The costs were higher due mainly to start up costs and management. Management was changed mid-year and is now running smoother. Even with the enormous increases in food, we were able to decrease the food services costs by \$34,900 in 2008. However, as long as the food service pays for itself, there is no cost to “classroom dollars”. The District contract has a “break even” clause. The District does not contribute more than the required amount of funds to the food service program from the operating budget. The District will continue to look at the administrative costs. We will pursue reducing the retiree benefits, which are the main cost factor. The District agrees with the recommendation to lower student support costs in areas. The District continues to search for affordable speech pathology and occupational therapy services. At this time there are no speech pathologists in the immediate area, which creates an increase in cost to services. The speech aids, health aids and counselors are a necessity in providing adequate services to our students.

3. The District should ensure that Extracurricular Activities Fees Tax Credit monies are spent in accordance with statute.
 - a. The District agrees with this recommendation and has a plan in place for all future expenses. The requested expenditure will be reviewed by administration. A tax credit use form will be attached to each expenditure request providing written documentation that the expenditure is in accordance with statute.

ELL RECOMMENDATIONS

1. ELL Program

The District agrees with this recommendation. Miami Unified School District has implemented an English Language Development (ELD) program beginning with the 2008-2009 school year. Two teachers have been hired to work with English Language Learners (ELL) students in the following bands. One teacher to work with kindergarten, 1st through 6th grades and one teacher to work with 7th and 8th grades, and 9th through 12th grades. The ELD program follows the ADE guidelines to implement content to teach English language skills students who are in the process of learning English. ELD instruction focuses on phonology, morphology, syntax, and semantics. The Discrete Skills Inventory (DSI) are used as specific teaching/learning objectives derived from the Arizona K-12 ELL Proficiency Standards.

The AZELLA scores determine participation in the ELD program. All students have been administered the AZELLA at the beginning of the year to establish baseline data and will be administered again in the spring to determine growth. If the teachers have determined proficiency prior to the spring the AZELLA will be administered mid-year to establish proficiency.

According to ADE, when the number of students are below a determined number the direct instruction time may be adjusted to allow classroom teachers to administer part of the ELD hours. Our district meets the criteria for this adjustment. Therefore, classroom teachers are part of the instruction delivery in the classroom as noted on the Individual Language Learner Plan (ILLP). There are no more than 7 in any ELD class setting at this time. We have also indicated that all qualifying ELL students will participate in no less than 30 minutes of Fast ForWord and/or SRA direct reading instruction.

2. ELL Compensatory Instruction

The District agrees with this recommendation. During the 2007 fiscal year all ELL students and their parent were notified that additional assistance was available before or after school. Although personal contacts were made with parents for their children to participate in the programs, the parents did not take advantage of the program. Miami Unified School District has purchased two software programs that have specific ELL components for students to receive additional help. These software programs are Odyssey through Compass Learning and Fast ForWord. The ELL components of these programs are scientifically-researched programs that demonstrate student growth in language acquisition and academic growth. The teachers were willing and ready to work with ELL students during off hours, however, no ELL students took advantage of the offered assistance. With the beginning of the 2008-2009 school year all ELL compensatory instruction funding will only be available to ELL students for before school, after school, or other outside regular school hours. No other students will attend the sessions for the ELL students.

3. Errors in District's ELL Data

The District agrees with this recommendation. Miami Unified School District has corrected this deficiency in the following ways. The two ELD teachers have been trained in administering the AZELLA. The AZELLA scores are returned to the district ELL coordinator. The coordinator then records all the AZELLA information in SAIS prior to sending out the results to the ELD teachers. A copy of student reports is retained on file with the ELL coordinator to ensure correct scores are used. The district technology director then runs a validation report to check for internal errors. These errors are then corrected then resubmitted to ADE. The Student Integrity Status is then checked for any errors, corrected, and resubmitted. By implementing these procedures the errors will be eliminated.

Individual student files have a check list of monitoring items to be included in each file. By using the ADE's monitoring checklist, the individual student files will be complete and eliminate errors in student files.

As part of the procedures reviewed with the ELD teachers all reporting information will be turned into the ELL coordinator and completed prior to the due dates. Timelines have been established for necessary reporting data. All data has been input in SAIS before September 24, 2008. Recording of new students into the district is completed within 2 weeks of the students enrolling in school. AZELLA results are entered into SAIS within two days of receiving the AZELLA scores.

4. ELL Funding and Costs

The District agrees with this recommendation. Miami Unified School District is in the process of reviewing all ELL related costs and recoding them to properly capture ELL spending.