

Patagonia School Districts

August 29, 2013

State of Arizona
Office of the Auditor General
Debra Davenport, Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Ms. Davenport,

On July 23, 2013, Patagonia Union High School District # 20 (PUHS) and Patagonia Elementary School Dist #6 (PES), received your draft preliminary report of our FY 2011 District performance audit.

We would like to thank the Auditor General's staff of Vicki Hanson, Manager, John Ward, Audit Senior and Julia Coulombe, that were assigned to our Districts for their professionalism while interacting with our staff, their leadership and direction with regard to this audit.

PUHS & PES both welcome the opportunity to improve our organizations so that we will be a better and more efficient running entity. We are committed to fiscal responsibility, transparency and effective stewards of our taxpayers' funds that are entrusted to the Districts.

Patagonia Union High School District # 20 (PUHS) and Patagonia Elementary School Dist #6 (PES), respectfully submits our response to the Performance Audit for Fiscal Year 2011, which was conducted in conformity with Arizona Revised Statute (A.R.S.) §41-1279.03. PUHS & PES both understand that this Statute requires all Arizona public school districts to undergo a performance audit to assess a District's comparative expenditure patterns with similar sized districts.

Attached is the District's response to the findings and recommendations as outlined in the report. You will find that the Districts concur with the findings of the audit team. In addition, each District has already implemented most of the recommendations and is working on implementing the remainder.

On the following pages, PUHS & PES have addressed each recommendation in the report, and have stated that the Districts:

1. Agree with the findings and recommendations, and
2. Have already or plan to implement the recommendations.

Please contact us if you have any questions regarding our response.

Sincerely,

Denise J. Blake
Superintendent
Patagonia Union High School Dist. #20
Patagonia Elementary School Dist. #6

Cc: Therese Whitney, Business Manager
Governing Board, Patagonia Elementary School Dist. #6
Governing Board, Patagonia Union High School Dist. #20

Elementary School District Governing Board

Brenda Somoza, President
Jan Johnson, Clerk
Bernice Pomeroy
Janet Winans
Cynthia Matus-Morriss

High School District Governing Board

Clare Bonelli, President
Julie Hendricks, Clerk
Annette Brink
Deborah Echeverria-Fain
Fred Sang

District Superintendent

Denise Blake

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District Superintendent
Denise J. Blake

FINDING 1

Districts saved money by combining operations and sharing staff, but could reduce costs further.

Response

We greatly appreciate that the #1 finding states that we have saved money by combining our operations, but we also understand that we must continue to look for ways to reduce costs so that these savings can then be directed into the classrooms.

The Districts agree with this finding and have or will implement the recommendations.

Recommendation 1:

The District should review its administrative staffing levels to determine if savings can be achieved and if some of these monies can be redirected to the classroom.

Response

The Districts have and will continue to implement this recommendation. As of FY2012 to the present, we have 1 full time Superintendent/Principal and 1 FTE. Athletic Director/Asst. Principal, serving both Districts We are continuing to look at ways to reduce our non-instructional costs and increase funding directed to classrooms.

Recommendation 2:

The District should review its building capacity usage to determine whether the elementary school or unused sections of both the elementary and high schools can be closed to reduce costs.

Response

The Districts are reviewing building capacity usage and agree with this finding. We have and will continue working towards implementing these recommendations to a further extent. As of FY2013, 1st and 2nd grades were moved from Old Main to the New Main Campus. The Governing Boards have committed to examining data and discussing at designated study sessions, other possible actions for using building space more efficiently.

FINDING 2

District lacked sufficient controls in multiple operational areas.

Response

The Districts agree with this finding and have or will implement the recommendations.

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Recommendation 1:

As recommended by the Uniform System of Financial Records for Arizona School Districts, the District should prepare and retain in employee personnel files a current personnel/payroll action form or contract for each employee to document employment terms.

Response

The Districts plan to implement the personnel/payroll action (PAR) form as recommended by the Spring of 2014. Currently, the HR Manager is learning the procedural steps in developing and issuing PAR's.

Recommendation 2:

The District should ensure that all purchases are approved by appropriate supervisors prior to being made.

Response

The Districts are making sure that no purchase is being made prior to appropriate supervisor's signatures being obtained. All purchase requisitions (PR) are required to have an administrator's signature prior to becoming a purchase order (PO). This process has been in place since the Fall of 2011.

Recommendation 3:

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

Response

After detailed discussions with the AG staff regarding the proper classifications of expenditures, the Districts have made changes to the areas recommended by them, staff training, transportation central services, financial software and outsourced IT services.

We will continue to monitor, review and identify coding practices throughout both districts. We will also take advantage of the training opportunities available to ensure compliance with the Uniform Chart of Accounts and any revisions that are made.

Recommendation 4:

The District should 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.

Response

The Districts have implemented this recommendation by initiating additional restricted access within our accounting system, so that a single employee cannot complete a full transaction without a supervisor's review and approval. We will continue to maintain appropriate access levels for all employees in relationship to their job responsibilities.

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Recommendation 5:

The District should implement and enforce password requirements related to password length and complexity.

Response

The Districts have implemented the recommended password requirement of eight characters, which will include alphanumeric and capital letter characters, to increase the complexity of each employee's password.

Recommendation 6:

The District should develop and implement a process to ensure critical updates are installed on its computers.

Response

In FY2013, the Districts hired an onsite IT technician to oversee all of the Districts computers/servers. In doing so, he programmed the server to update all network computers and to date, all computers have been checked and have had all crucial updates installed. We are now on a maintenance plan to ensure this security and safety procedure is on-going.

Recommendation 7:

The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies. Additionally, backup tapes should be stored in a secure offsite location.

Response

The Districts have done 2 things to address this area. First, the Districts installed a virtual server in June 2013 which is backed up with a physical server that is located in a separate area of the school and thereby making tapes no longer necessary. Second, we've hired our own onsite IT technician who monitors the system on a regular basis so that we can fully maintain, upgrade and/or repair everything related to technology.

Recommendation 8:

The District should implement controls over its process for securing, producing, and distributing facility keys, including establishing a distribution log, and creating and following a procedure for ensuring that keys are returned when an employee leaves district employment.

Response

The key cutting machine and all blank keys have been moved into the Transportation Supervisor's office and are locked up. To assist with the inventory control of keys, we are also looking into purchasing a software program that will provide us with information pertinent to key security. The duties for maintaining key security will reside with the Human Resources Manager.

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Recommendation 9:

The District should create a formal preventative maintenance policy and schedule and ensure that bus preventative maintenance is conducted in a systematic and timely manner in accordance with its policy and the State's Minimum Standards.

Response

The Districts met and discussed this situation with Auto Safety House. As of July 2012, the Districts have implemented a comprehensive preventative maintenance schedule for all aspects of our buses with Auto Safety House.

Recommendation 10:

The District should implement a process to ensure that bus driver requirements are met and documented in accordance with the State's Minimum Standards.

Response

The Districts are currently updating and reorganizing all bus drivers files and implementing the use of a spreadsheet to keep track of all the requirements necessary to assure that all drivers are in compliance per the State's Minimum Standards. The duties for maintaining these files and notifying bus drivers of requirements, now resides with the Transportation Coordinator.

Recommendation 11:

The District should evaluate its controls over fuel inventory and ensure proper accounting of all fuel use.

Response

The Districts have taken the following steps to ensure the proper accounting of fuel used. First, fuel pumps are now always locked. It is up to the Transportation Supervisor or the Transportation Coordinator, to unlock the pumps when fuel is needed and then lock them afterwards. Second, a log is being used to monitor fuel usage. Third, we will also be implementing a monthly dip stick check on our fuel levels and this will be noted on the fuel log.

FINDING 3

Cooperatively providing transportation services likely saved the districts money, but raises funding questions.

Response

The Districts appreciate the Auditor General for acknowledging that we are trying to save the Districts money. Most recently, we examined bus routes and were able to reduce one route in FY2014. In addition, on a route

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with less than 15 students, we have offered families mileage reimbursement rather than send a bus and driver.

Recommendation 1:

The Legislature may want to consider whether the intent of A.R.S. § 15-901 et seq was to allow districts to jointly operate transportation programs but still receive full transportation funding as if multiple districts were separately running such programs.

Response

The Districts will comply with Legislation in reference to A.R.S. § 15-901 et seq