

A REPORT
TO THE
ARIZONA LEGISLATURE

Division of School Audits

Performance Audit

Pima Unified School District

April • 2011
Report No. 11-03



Debra K. Davenport
Auditor General

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AUDITOR GENERAL

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OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

April 5, 2011

Members of the Arizona Legislature

The Honorable Janice K. Brewer, Governor

Governing Board
Pima Unified School District

Mr. Joseph Farnsworth, Superintendent
Pima Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Pima Unified School District*, conducted pursuant to A.R.S. §41-1279.03. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with all of the findings and recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on April 6, 2011.

Sincerely,

Debbie Davenport
Auditor General

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2009, Pima Unified School District compared favorably to its peer districts in operational efficiencies, and its student achievement was similar to state and peer districts' averages. The District operated efficiently with significantly lower per-pupil costs in administration, plant operations, and student transportation than its peer districts. These low costs enabled the District to spend a similar amount in the classroom as peer districts despite receiving less funding. However, the District needs to strengthen some administrative practices over its payroll and purchasing processes and needs to improve its transportation program reporting and record keeping.

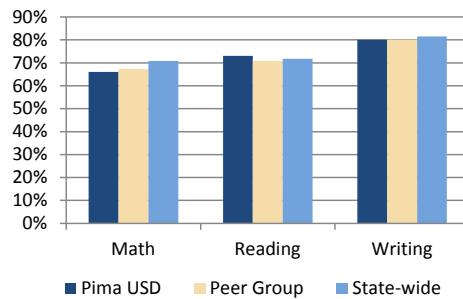


2011

Similar student achievement and most operational costs lower than peers'

Student achievement similar to state and peer averages—In fiscal year 2009, Pima USD's student AIMS scores were similar to those of peer districts' and state averages. The District's 76 percent high school graduation rate was also similar to the peer group and state averages.

Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2009



District operates efficiently with lower costs overall—In fiscal year 2009, Pima USD spent significantly less per student on administration, plant operations, and transportation than its peer districts. These low costs enabled Pima USD to spend a similar amount in the classroom as its peer districts despite its receiving less funding.

The District's \$921 per student administration costs were 15 percent lower than the peer districts' \$1,086 average. These lower costs were primarily because the District employed fewer business office and school secretarial staff.

Pima USD's plant operations cost per student were significantly lower than peer districts—\$851 compared to \$1,287—primarily because it maintained less space per student by using a centralized campus that shares common buildings

such as a library and cafeteria. Although plant operation costs were lower, Pima USD's energy costs were higher than peer districts'. The District has taken steps to reduce energy consumption by replacing some of its heating, ventilating, and air conditioning units with more efficient equipment. However, Pima USD should evaluate its energy usage and implement an energy conservation plan to help reduce energy costs.

Although Pima USD's cost per meal was slightly lower than the peer districts' average, Pima USD spent about \$51,000 to subsidize its food service program. The District has implemented changes to lower costs in the future by reducing staff, changing lunch options, and monitoring production and food inventory.

Finally, although the District's transportation costs per mile and per rider were similar to peer districts, Pima USD spent significantly less per student because its buses traveled fewer miles and transported a smaller percentage of its students.

Expenditures by Function Fiscal Year 2009

Per Pupil	Pima USD	Peer Group Average
Administration	\$921	\$1,086
Plant operations	851	1,287
Food service	484	430
Transportation	242	486

Recommendation—Pima USD should evaluate its energy usage and implement an energy conservation plan to help reduce energy costs.

Inadequate accounting and IT controls increased risk of errors and fraud

Payroll process lacked adequate oversight and documentation—The District should implement a more detailed payroll review process and ensure that all pay is properly documented. Auditors identified four instances where employees' contracts were changed or employees were paid for additional duties without documentation and prior approval. One employee was also overpaid because of a mathematical error.

Inadequate controls over purchasing process—Pima USD had one employee who handled nearly all facets of the purchasing process with little supervisory review. This employee's duties included adding and modifying vendor information, creating purchase orders, receiving the purchases, processing invoices, and receiving and mailing checks. Although the Superintendent reviews a summary of the purchases, this review does not typically include the supporting documentation, such as requisitions and invoices. A more detailed review would help reduce the risk of errors and fraud.

Insufficient password controls—The District has weak controls over its network, student information,

and accounting system passwords. Users are not prompted to change their passwords periodically, and passwords to the network and student information system have a low complexity requirement—that is, passwords can be very short and do not have to contain numbers or symbols.

Inadequate cash controls for sporting events—The District needs to improve procedures over cash collections from sporting events. Tickets are not kept in a secure location, the ticket sales are not compared to the cash collected, and the cash collected is not counted at the time of the event.

Recommendations—Pima USD should:

- Ensure that changes to contracts and payments for additional work are documented, approved, and maintained in employee files.
- Implement a detailed review of payroll and ensure that amounts are correct.
- Establish a more detailed review of purchases.
- Implement stronger password controls.
- Improve cash collection procedures.

Transportation reporting and record keeping need improvement

Miles driven and students transported misreported—In fiscal year 2009, Pima USD over-reported mileage by about 6,100 miles and reported twice as many riders as it actually transported. However, these overstatements did not affect the amount of transportation aid received by the District because the District had reported higher mileage in a prior year and the State's transportation funding formula increases funding for year-to-year increases but does not decrease funding for year-to-year decreases. In fiscal year 2009, Pima USD received transportation funding as if its buses traveled 118,000 route miles, although they actually traveled only about 46,000 miles.

Preventative maintenance and repairs not documented—According to state standards, a school district must be able to demonstrate that its buses receive regular maintenance, such as oil

changes and safety inspections. Following these standards helps ensure that students are safe and can help extend buses' useful lives. Although the maintenance and inspections may have been performed, Pima USD did not maintain documentation supporting these activities prior to the beginning of fiscal year 2010. Without documentation, the District is unable to track the buses' maintenance and repair history or even support that such maintenance and repairs were actually completed.

Recommendations—Pima USD should:

- Accurately calculate and report mileage and riders for funding purposes.
- Correct its transportation funding report.
- Maintain maintenance, inspection, and repair documentation for at least 3 years.

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DISTRICT OVERVIEW

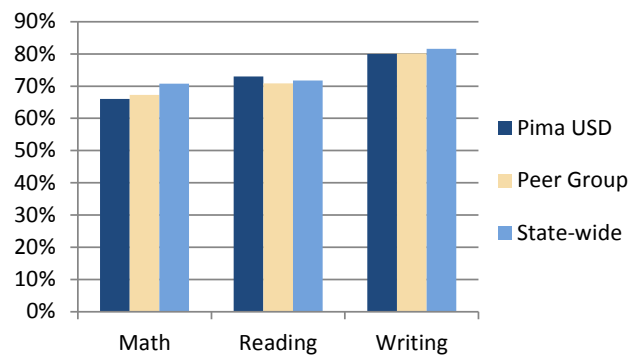
Pima Unified School District is a rural district located northeast of Tucson in Graham County. In fiscal year 2009, the District served 726 students in kindergarten through 12th grade at its three schools.

The District compares favorably to its peer districts in operational efficiencies, and its student achievement was similar to state and peer districts' averages.¹ Because of its lower costs in administration, plant operations, and student transportation, the District was able to spend a similar amount in the classroom despite having significantly less money to spend. However, auditors noted some areas for improvement, which are discussed later in this report.

Student achievement similar to state and peer districts' averages

In fiscal year 2009, 66 percent of the District's students met or exceeded state standards in math, 73 percent in reading, and 80 percent in writing. As shown in Figure 1, these scores were similar to the state and peer districts' averages. Additionally, although the District's reported data indicates that only two of the three schools met "Adequate Yearly Progress" (AYP) for the federal No Child Left Behind Act, all three schools met it when an error in the reported graduation rate for the high school is corrected. The District's 76 percent high school graduation rate in fiscal year 2008 was similar to both the 78 percent peer group average and the 75 percent state average.

Figure 1: Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2009 (Unaudited)



Source: Auditor General staff analysis of fiscal year 2009 test results on the Arizona Instrument to Measure Success (AIMS).

Most operational costs lower than peer districts'

As shown in Table 1 on page 2, for fiscal year 2009, Pima USD operated with significantly lower per-pupil costs in administration, plant operations, and student transportation than its peer districts. These low costs enabled the District to spend a similar amount in the classroom as peer

¹ Auditors developed two peer groups for comparative purposes. See page a-1 of this report's Appendix for further explanation of the peer groups.

districts despite its receiving less funding. The District had fewer resources available because, unlike most of the peer districts, Pima USD did not receive additional funding through voter-approved budget overrides. Further, Pima USD received significantly less student transportation funding because it traveled fewer route miles than peer districts.

Low administrative costs—Pima USD’s administrative costs per pupil were 15 percent lower than peer districts’ primarily because it employed fewer staff. Pima USD staffed its business office with a business manager and one administrative assistant who was also the payroll clerk. Auditors surveyed seven of the peer districts with higher administrative costs and found that, on average, they employed a business manager, one administrative assistant, and three business support staff. Pima USD also staffed about three fewer school-level secretaries and receptionists than these higher cost districts. However, this audit identified some administrative practices that Pima USD needs to strengthen (see Finding 1, page 3).

Low plant operation costs—Although Pima USD’s plant cost per square foot were similar to peer districts’, its cost per student was significantly lower—\$851 compared to \$1,287. The District’s lower costs were primarily the result of maintaining about one-third less square footage per student than peer districts’. The District operates with less square footage by using a centralized-style district campus where its three schools share common buildings, including a library, cafeteria, and two gymnasiums.

Table 1: Comparison of Per-Pupil Expenditures by Function Fiscal Year 2009 (Unaudited)

Spending	Pima USD	Peer Group Average	State Average
Total per pupil	\$7,615	\$9,062	\$7,908
Classroom dollars	4,549	4,794	4,497
Nonclassroom dollars			
Administration	921	1,086	729
Plant operations	851	1,287	920
Food service	484	430	382
Transportation	242	486	343
Student support	284	634	594
Instructional support	284	337	431
Other	0	8	12

Source: Auditor General staff analysis of fiscal year 2009 Arizona Department of Education student membership data and district-reported accounting data.

Similar food service costs—Pima USD’s \$2.87 cost per meal was slightly lower than the peer districts’ average of \$3.04, but still higher than both the federal reimbursement rate for the National School Lunch program and the District’s paid lunch price. As a result, the District spent about \$51,000 of its Maintenance and Operations monies to subsidize its food service program. Since fiscal year 2009, the District has made a number of changes to its program, which should reduce the subsidy in future years. These changes include reducing staffing levels, changing the lunch menu to offer more options to increase participation and reduce waste, and improving processes to monitor production and food inventory.

Low transportation costs—Although Pima USD’s student transportation costs per mile and per rider were similar to peer districts’, it spent significantly less per pupil on student transportation because its buses traveled fewer miles and it transported a smaller percentage of its students. However, the District needs to improve its process for tracking bus route mileage and riders and maintain bus maintenance and repair records (see Finding 2, page 7).

FINDING 1

Inadequate controls increased risk of errors and fraud

In fiscal year 2009, Pima USD was exposed to increased risk of errors and fraud because it did not maintain adequate controls over its expenditure process. The District could reduce these risks by making minor adjustments to job duties and implementing additional review procedures.

Payroll process lacked adequate oversight and documentation

The District needs to implement a more detailed payroll review process to help ensure employees are paid correct amounts, and it needs to improve procedures and documentation over the payment of employee stipends. After reviewing fiscal year 2009 payroll records and supporting documentation for a sample of employees, auditors found that pay amounts on two employees' contracts were changed without documentation of approval, and two other employees were paid for additional duties without prior approval. Further, one employee was overpaid \$1,260 because of a mathematical error in calculating bi-weekly pay.

To help ensure that extra work is properly authorized and employees are paid correctly, the District should include additional pay in employee contracts or use payroll or personnel action forms as recommended by the Uniform System of Financial Records for Arizona School Districts (USFR). This documentation should be prepared and approved before the extra work is performed, and maintained in employee personnel files. Additionally, the District should evaluate its process for verifying payroll accuracy to ensure that controls are in place to catch errors in pay, such as incorrect calculations of pay rates.

Inadequate controls over purchasing process

One business office employee handled nearly all facets of the purchasing process with little supervisory review. The employee was responsible for adding and modifying vendor information, preparing purchase orders, placing orders, receiving the purchases, entering and processing invoices, and receiving and mailing payment checks. Although the superintendent reviews a summary list of payments, this review did not include supporting documentation such as purchase requisitions and vendor invoices to ensure the payments were properly authorized and

for the correct amount. Further, in order to perform all of these duties, the employee was given broad access to the accounting system and was also the system administrator responsible for establishing and modifying user access to the accounting system. Allowing one employee the ability to perform all of these responsibilities without a more detailed, independent review exposes the District to a greater risk of potential errors or improper transactions, such as processing false invoices. Although no improper transactions were detected in the sample auditors reviewed, these poor controls expose the District to increased risk.

Insufficient password controls

The District needs stronger controls over its network, student information, and accounting system passwords. Although users develop their own passwords, they are not prompted to periodically change the passwords. Additionally, passwords to the network and student information system have a low-complexity requirement—that is, passwords can be very short and need not contain numbers or symbols. Passwords should be user-defined based upon specific composition requirements, known only to the user, and changed periodically. Common practice requires passwords to be at least eight characters, contain a combination of alphabetic and numeric characters, and be changed every 90 days. These practices would decrease the risk of unauthorized persons gaining access to the systems.

Additional cash controls needed

The District needs to improve procedures over cash collections from sporting event ticket sales. First, the tickets are not kept in a secure location when not in use and are susceptible to theft. Second, although the tickets are prenumbered, the ticket numbers sold are not compared to the cash collections to ensure the appropriate amount of monies were collected and deposited. Third, cash from ticket sales was not counted and documented at the time of the event. Improved procedures would help guard against errors or theft.

Recommendations

1. The District should implement a more detailed review of payroll to help ensure employees are paid correct amounts. Further, the District should ensure that changes to contracts and payments for additional work are properly documented, approved, and maintained in employee personnel files.
2. The District should implement a more detailed review of supporting documentation for purchases to help reduce the risk of errors or improper transactions.
3. The District should implement stronger password controls, requiring its employees to create more secure passwords and to periodically change those passwords.
4. The District should improve procedures over cash collections for sporting events, such as tracking ticket numbers sold and reconciling sales to cash collections.

FINDING 2

Improvements needed for transportation program reporting and record keeping

In fiscal year 2009, the District misreported student transportation information for state funding purposes and did not maintain bus repair and maintenance records.

Student transportation mileage and riders misreported

In fiscal year 2009, the District over-reported its transportation route miles by about 6,100 miles and reported about twice as many riders as it actually transported. For state transportation funding, school districts are required to report to the Arizona Department of Education actual miles driven to transport students to and from school and the number of eligible students transported. Instead, Pima USD reported mileage based on changes in odometer readings, which included miles driven for maintenance, field trips, and other activities. The District also reported all students eligible to ride buses as riders instead of only students who were actually transported.

These errors did not impact the District's transportation funding because it already receives substantially more transportation funding than its reported route miles would generate. The State's statutory school district transportation funding formula contains a provision that increases funding for increases in reported mileage but does not decrease funding for decreases in mileage. Pima USD's reported mileage has decreased 37 percent since fiscal year 2000, but the District continues to receive the higher funding generated by those higher reported miles. In fiscal year 2009, Pima USD received transportation funding as if its buses drove 118,000 route miles, but the District drove only about 46,000 miles.

Preventative maintenance and repairs not documented

According to the State's *Minimum Standards for School Buses and School Bus Drivers (Minimum Standards)*, districts must be able to demonstrate that their school buses receive systematic preventative maintenance services such as oil changes, tire and brake inspections, and

inspections of safety signals and emergency exits. Following the *Minimum Standards* helps to ensure the safety and welfare of students and can help extend buses' useful lives. Although the inspections and maintenance may have been performed, the District did not maintain documentation supporting these activities prior to the beginning of fiscal year 2010. Without documentation, the District is unable to track items such as what parts were used and repair costs, the buses' repair history, the timeliness of maintenance and repairs, or even that the maintenance and repairs were actually completed.

Recommendations

1. The District should accurately calculate and report miles driven and students transported for state funding purposes.
2. The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding report.
3. The District should maintain bus inspection, maintenance, and repair documentation for at least 3 years.

OTHER FINDINGS

In addition to the main findings presented in this report, auditors identified the following less significant area of concern that requires district action.

District should develop an energy conservation plan

Although Pima USD's plant operation costs were low overall, its energy costs were higher than peer districts'. The District has taken some steps to reduce energy usage such as replacing some of its heating, ventilating, and air conditioning equipment with more energy-efficient units and installed programmable thermostats, but it should also create a formal energy conservation plan outlining policies for energy conservation, including monitoring energy usage, establishing minimum and maximum room temperatures for certain times and seasons, and educating staff and students on energy conservation methods. It is especially important that the District look for ways to reduce its higher energy costs because it will no longer receive additional funding to cover such costs since the law authorizing additional funding for excess utilities expired at the end of fiscal year 2009.

Recommendation

The District should evaluate its energy usage and implement an energy conservation plan to help reduce costs.

APPENDIX

Objectives, Scope, and Methodology

The Office of the Auditor General has conducted a performance audit of the Pima Unified School District pursuant to A.R.S. §41-1279.03(A)(9). Based in part on their effect on classroom dollars, as previously reported in the Auditor General's annual report, *Arizona Public School Districts' Dollars Spent in the Classroom (Classroom Dollars report)*, this audit focused on the District's efficiency and effectiveness in four operational areas: administration, plant operation and maintenance, food service, and student transportation. To evaluate costs in each of these areas, only current expenditures, primarily for fiscal year 2009, were considered.¹ Further, because of the underlying law initiating these performance audits, auditors also reviewed the District's use of Proposition 301 sales tax monies and how it accounted for dollars spent in the classroom.

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2009 summary accounting data for all districts and the Pima Unified School District's fiscal year 2009 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff.

To analyze Pima USD's operational efficiency, auditors selected a group of peer districts based on their similarities in district size, type, and location. This operational peer group includes Pima USD and the other 26 unified and high school districts that served between 600 and 1,999 students and were located in town/rural areas.² To compare districts' academic indicators, auditors developed a separate student achievement peer group using the same size and location categories as in the operational peer group, but with the additional consideration of each district's poverty rate because poverty rate has been shown to be strongly related to student achievement. Pima USD's student achievement peer group includes Pima USD and the 12 other elementary and unified school districts that also served between 600 and 1,999 students, were located in town/rural areas, and had poverty rates below the state average of 19 percent. Additionally:

- To assess whether the District's administration effectively and efficiently managed district operations, auditors evaluated administrative procedures and controls at the district and school level, including reviewing personnel files and other pertinent documents and interviewing district and school administrators about their duties. Auditors also reviewed and evaluated fiscal year 2009 administration costs and compared these to peer districts'. To

¹ Current expenditures are those incurred for the District's day-to-day operation. They exclude costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

² Excludes three districts that received high levels of additional funding and skewed the peer-spending averages.

further evaluate staffing levels, auditors surveyed 7 of the 14 peer districts with higher administrative costs, selecting districts that have in the past responded to audit requests in a timely manner and with accurate information.

- To assess whether the District's plant operation and maintenance function was managed appropriately and functioned efficiently, auditors reviewed and evaluated fiscal year 2009 plant operation and maintenance costs and district building space, and compared these costs and capacities to peer districts'.
- To assess whether the District's food service program was managed appropriately and functioned efficiently, auditors reviewed fiscal year 2009 food service revenues and expenditures, including labor and food costs, and compared costs to peer districts'.
- To assess whether the District's transportation program was managed appropriately and functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, bus maintenance and safety records, and bus capacity usage. Auditors also reviewed fiscal year 2009 transportation costs and compared them to peer districts'.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2009 expenditures to determine whether they were appropriate, properly accounted for, and remained within statutory limits. Auditors also reviewed the District's performance pay plan and analyzed how performance pay was being distributed. No issues of noncompliance were identified.
- To assess the District's financial accounting data, auditors evaluated the District's internal controls related to expenditure processing and reviewed transactions for proper account classification and reasonableness. Auditors also evaluated other internal controls that were considered significant to the audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and her staff express their appreciation to the Pima Unified School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE

DISTRICT RESPONSE



JOSEPH C. FARNSWORTH, SUPERINTENDENT
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March 14, 2011

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

Dear Ms. Davenport:

Pima Unified School District #6 respectfully submits its response to the recently concluded performance audit for fiscal year 2009. The audit indicated seven areas of concern: (1) payroll process lacked adequate oversight and documentation, (2) inadequate controls over purchasing process, (3) insufficient password controls, (4) additional cash controls needed, (5) student transportation mileage and riders misreported, (6) preventative maintenance and repairs not documented, and (7) development of an energy conservation plan.

Attached is the District's response to each of the recommendations contained in the audit report. The response indicates whether the District agrees or does not agree with the finding, as well as providing a response to how the District plans to move forward in the areas reviewed.

I would like to thank the audit team for their work on this performance audit, Ms. Lai Cluff, Mr. Brian Smith, and Mr. Chris Moore have been especially helpful and extremely professional throughout the audit. I believe the team did an excellent job and we will do our best to continually improve our District and will pay particular attention to those areas of concern indicated in the audit report.

Sincerely,

Joseph C. Farnsworth
Superintendent

**Auditor General Performance Audit
Pima Unified School District #6
District Response to Audit Findings**

FINDING 1-Inadequate Controls Increased Risk of Errors and Fraud

Payroll process lacked adequate oversight and documentation

The District agrees with this recommendation and will implement procedures to ensure payroll is calculated properly and the proper oversight and documentation is in place.

- To ensure that payroll amounts are calculated correctly the payroll clerk will enter the salary amount in the computer system. The Business Manager will then check the amount to make sure it is calculated correctly. Finally, the Superintendent will be the final check to make sure salaries are calculated correctly.
- The Business Manager and Superintendent will sign off on the payroll journal each payroll to make sure everything is entered correctly.
- Each personnel file will have a payroll action form in their personnel folder where salary adjustments will be recorded. All other extra duty work and annual contracts will be put in the personnel files of each employee.

Inadequate Controls Over Purchasing Process

The District agrees with this recommendation and will implement a process to ensure that there are adequate controls over the purchasing process.

- The Business Manager will not approve any requisition that come into the district office. A principal, administrator, or superintendent must approve all purchase requisitions.
- The Business Manager will create all purchase orders and place all orders. The District secretary or student aid will receive all boxes and mark purchase orders received. The district secretary will open all invoices and match them to the purchase orders initialing them, which states he or she has verified the amounts. The Business Manager will enter all invoices and decide which invoices to pay. The Superintendent will review the list of invoices and review 4 to 5 invoices to make sure the purchase orders match the invoices. Finally, the district secretary will match checks with invoices and mail out checks. The student aid or district secretary will file all paid invoices.

Insufficient Password Controls

The District agrees with this recommendation and will implement a process to ensure sufficient password controls. Unfortunately our student management system does not have an automatic password reset.

- We can set up a reminder in our calendars to reset our passwords every 45 days. We can also require each password to be a minimum of eight characters with at least one number. Our IT Administrator is aware of the security issue and is researching which approach would be most effective.

Additional Cash Controls Needed

The District agrees with this recommendation and will implement a process to ensure additional cash controls are in place for sporting events.

- The tickets for sports events will be kept in a fireproof file cabinet in the High School office. At the end of an event the ticket manager will reconcile the tickets sold with the amount of money received. The ticket manager will turn the money into the principal of the high school as soon as the event is over. The next day the bookstore manager will reconcile the monies for a second time and prepare the deposit. The bookstore manager will give the deposit to the district office where the business manager or district secretary will make sure the deposit is correct and initial the deposit slip. The business manager or district secretary will take the deposit to the bank.

FINDING 2-Improvement Needed for Transportation Program Reporting and Record Keeping

Student Transportation Mileage and Riders Misreported

The District agrees with this recommendation and will implement a process to ensure student transportation mileage and riders is reported correctly.

- We will count the actual students who get on and off the bus weekly and record it on a log. We are also correcting the mileage report by training all transportation personnel to reflect the appropriate procedures.
- The District will follow the recommendation of the Auditor General to contact the Arizona Department of Education regarding needed corrections to its transportation funding report.

Preventative Maintenance and Repairs Not Documented

The District agrees with this recommendation and will implement a process to ensure preventative maintenance and repairs are documents.

- The transportation manager will keep a log of all preventative maintenance services such as oil changes, tire and brake inspections, and inspections of safety signals and emergency exits. He will keep a binder by year of the logs and will not throw them away for three years after vehicle have been sold.

OTHER FINDINGS

District Should Develop an Energy Conservation Plan

The District agrees with this recommendation and will implement a process to ensure the district has a board approved energy conservation plan.

- The district will put together an Energy Conservation Committee to put together an Energy Conservation Plan, which will then be submitted to the District Governing Board for approval. This will be completed by June 30, 2012.
- The Business Manager will keep track of energy usage to determine the effectiveness of the energy conservation plan.

