



A REPORT
TO THE
ARIZONA LEGISLATURE

Division of School Audits

Performance Audit

Queen Creek Unified School District

October • 2012
Report No. 12-13



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.

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AUDITOR GENERAL

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OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

October 30, 2012

Members of the Arizona Legislature

The Honorable Janice K. Brewer, Governor

Governing Board
Queen Creek Unified School District

Mr. Tom Lindsey, Superintendent
Queen Creek Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Queen Creek 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 October 31, 2012.

Sincerely,

Debbie Davenport
Auditor General

**REPORT
 HIGHLIGHTS**
 PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2010, Queen Creek Unified School District's student achievement was similar to peer districts' and much higher than state averages, and it operated efficiently overall with most costs similar to or lower than peer districts'. The District's administrative costs were much lower than peer districts', but controls over its accounting and student information systems should be improved. The District's plant operations costs were similar to peer districts', and its food service program operated efficiently. However, the District's transportation costs were higher than peer districts', which contributed to its subsidizing its program by \$270,000. Further, Queen Creek USD over-reported its fiscal year 2011 route miles, resulting in its being overfunded by \$63,000.



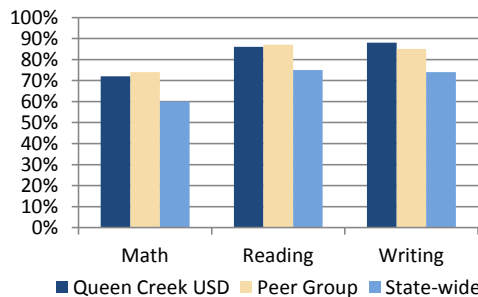
2012

October • Report No. 12-13

Similar student achievement and efficient operations overall

Student achievement similar to peer districts'—In fiscal year 2010, Queen Creek USD's student AIMS scores were similar to peer districts' and much higher than state averages. Additionally, six of the District's seven schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and its 92-percent high school graduation rate matched the peer district average, and was much higher than the 78-percent state average.

Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010



District operated efficiently overall—In fiscal year 2010, Queen Creek USD

operated efficiently overall with similar or lower costs in all operational areas other than transportation. The District's administrative costs were much lower than peer districts', its plant operations costs were similar, and its food service program operated efficiently with a cost per meal that was 9 percent lower than peer districts'. However, the District's transportation costs were higher per pupil and per mile than peer districts' in part because its routes were likely inefficient, which contributed to its need to subsidize the program with \$270,000 that otherwise potentially could have been spent in the classroom.

Per-Pupil Expenditures by Operational Area Fiscal Year 2010

Operational Area	Queen Creek USD	Peer Group Average
Administration	\$566	\$748
Plant operations	821	874
Food service	293	322
Transportation	427	396

Much lower administrative costs, but some improvements needed

At \$566, Queen Creek USD's fiscal year 2010 per-pupil administrative costs were \$182, or 24 percent, lower than peer districts'. The lower costs were primarily the result of the District's employing fewer administrators and paying some positions lower salaries. However, the District needs to strengthen controls over its accounting and student information systems.

Fewer administrative employees and some with lower salaries—Queen Creek USD employed fewer administrative employees. The lower staffing was primarily due to its employing fewer

administrative support positions at school sites, including secretaries and receptionists, and fewer support staff positions in its business office, such as clerks and bookkeepers. Further, the District also employed fewer administrative technology employees to maintain its computer network and information systems. Additionally, Queen Creek USD's superintendent was paid slightly less and its assistant principals were paid much less despite generally having a similar number of years of experience as audited peer districts' administrators.

Computer controls need strengthening—Queen Creek USD needs to improve controls over user access to its accounting and student information systems. Six district employees have more access to the accounting system than is needed to perform their job duties. Although no improper transactions were detected in the items we tested, access beyond that which is necessary to perform job functions exposes the District to an increased risk of fraud and errors. The District also needs to review access to its student information system to help

ensure compliance with federal laws such as the Family Educational Rights and Privacy Act. Fifty-eight employees had access to student health records, while only a few of those employees appeared to need this access.

Recommendation—The District should limit employees' access to only those accounting system functions and student information needed to perform their work.

Improvements needed to lower transportation costs and accurately report information

Compared to peer districts', Queen Creek USD's fiscal year 2010 transportation costs were 6 percent higher per mile and 8 percent higher per pupil. Additionally, the District over-reported its mileage for state funding purposes in fiscal year 2011, resulting in overfunding.

Higher costs led to subsidy—The District's higher transportation costs contributed to its spending \$270,000 more on its transportation program than it received in state transportation funding, meaning the District had to subsidize its transportation program with monies that otherwise potentially could have been spent in the classroom. Its costs were higher primarily because its bus routes were likely inefficient and it did not use performance measures to help it evaluate and monitor the efficiency of its program and proactively identify operational issues. The District did not maintain records supporting the number of bus riders reported for fiscal year 2010, so auditors reviewed bus route efficiency for fiscal year 2011 and found that routes were not efficient. The District's routes filled buses to only 64 percent of bus capacity, on average, and many routes filled buses to less than 50 percent of bus capacity. Districts with efficient bus routes will typically operate routes that fill buses to 75 percent or more of bus capacity. The District had a similar number of students in fiscal years

2010 and 2011, and district officials stated that routes did not change substantially between those years. Therefore, it appears likely that the District's routes were also inefficient in fiscal year 2010 and, as such, may help explain the District's high costs.

Overstated mileage resulted in \$63,000 of overfunding—Queen Creek USD over-reported its fiscal year 2011 route miles by 15,000 miles and was overfunded by \$63,000 in state transportation funding. The District did not maintain detailed records from previous years, so it could not be determined with certainty whether the District was overfunded in prior years also.

Recommendations—The District should:

- Closely review its bus routes to determine if changes can be made to improve efficiency.
- Develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.
- Accurately calculate and report the miles driven for state funding purposes.
- Contact the Arizona Department of Education to correct its transportation funding and expenditure budget.
- Maintain records supporting its reported transportation miles and riders.

TABLE OF CONTENTS



District Overview	1
Student achievement similar to peer districts' and much higher than state averages	1
District operated efficiently overall with most costs similar to or lower than peer districts', but can improve	2
Finding 1: Much lower administrative costs, but some improvements needed	3
Fewer administrative employees and lower salaries for some administrators	3
District should strengthen controls over access to accounting and student information systems	3
Recommendation	4
Finding 2: Improvements needed to lower transportation costs and accurately report transportation miles and riders	5
Higher costs led to subsidy of transportation program	5
District overstated mileage, which resulted in \$63,000 of overfunding	6
Recommendations	7
Other Findings	9
District incurred a loss on lunches provided to some charter schools	9
Recommendation	9
Appendix	
Objectives, Scope, and Methodology	a-1

♦ continued



TABLE OF CONTENTS

District Response

Table

- | | | |
|---|---|---|
| 1 | Comparison of Per-Pupil Expenditures by Operational Area
Fiscal Year 2010
(Unaudited) | 2 |
|---|---|---|

Figure

- | | | |
|---|--|---|
| 1 | Percentage of Students Who Met or Exceeded State Standards (AIMS)
Fiscal Year 2010
(Unaudited) | 1 |
|---|--|---|

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DISTRICT OVERVIEW

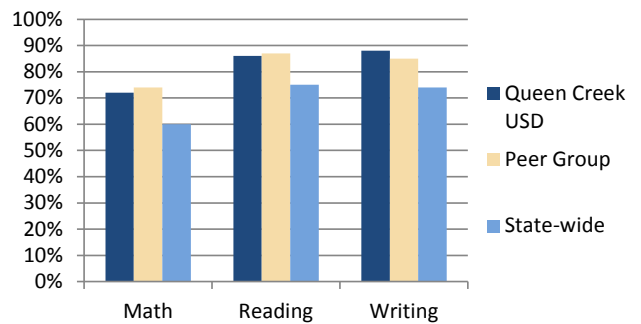
Queen Creek Unified School District is located about 40 miles southeast of Phoenix in Maricopa County. In fiscal year 2010, the District served 5,250 students at its seven schools: four kindergarten-through-4th-grade elementary schools, one 5th-through-6th-grade middle school, one 7th-through-8th-grade junior high school, and one 9th-through-12th-grade high school. The District's student population grew quickly between fiscal years 2005 and 2010, increasing 76 percent and the District opened two new schools.

In fiscal year 2010, Queen Creek USD's student achievement was similar to its peer districts' and much higher than state averages.¹ Overall, the District operated efficiently, with most costs similar to or lower than peer districts', but auditors noted some areas for improvement, as discussed later in this report.

Student achievement similar to peer districts' and much higher than state averages

In fiscal year 2010, 72 percent of the District's students met or exceeded state standards in math, 86 percent in reading, and 88 percent in writing. As shown in Figure 1, these scores were similar to the peer districts' averages and much higher than state averages. Further, six of the District's seven schools met "Adequate Yearly Progress" (AYP) for the federal No Child Left Behind Act. Despite the District's overall high passing rates on Arizona's Instrument to Measure Standards (AIMS), Queen Creek USD's middle school failed to meet AYP because some students did not demonstrate sufficient academic progress. The District's 92-percent graduation rate in fiscal year 2010 was the same as the peer group's 92-percent average and much higher than the State's 78-percent average.

Figure 1: Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010 (Unaudited)



Source: Auditor General staff analysis of fiscal year 2010 test results on Arizona's Instrument to Measure Standards (AIMS).

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.

District operated efficiently overall with most costs similar to or lower than peer districts', but can improve

As shown in Table 1 and based on auditors' review of various performance measures, in fiscal year 2010, Queen Creek USD operated efficiently overall with similar or lower per-pupil costs in all operational areas other than transportation. The District's transportation program operated with slightly higher costs per pupil and per mile, and some improvements in the program are needed. Operating efficiently in most areas allowed the District to spend more per pupil in the classroom than peer districts despite its spending less per pupil overall.

Table 1: Comparison of Per-Pupil Expenditures by Operational Area Fiscal Year 2010 (Unaudited)

Spending	Queen Creek USD	Peer Group Average	State Average
Total per pupil	\$6,725	\$7,096	\$7,609
Classroom dollars	3,974	3,889	4,253
Nonclassroom dollars			
Administration	566	748	721
Plant operations	821	874	914
Food service	293	322	366
Transportation	427	396	342
Student support	471	578	581
Instructional support	173	289	432

Source: Auditor General staff analysis of fiscal year 2010 Arizona Department of Education student membership data and district-reported accounting data.

Much lower administrative costs—Queen Creek USD's administrative costs were 24 percent lower per pupil than peer districts averaged—\$566 compared to \$748. The District spent less on administration primarily because it employed fewer administrative staff and paid some administrators lower salaries. However, this report identified some administrative practices that need strengthening (see Finding 1, page 3).

Similar plant operations costs—Queen Creek USD's \$5.76 plant operations cost per square foot was similar to the peer districts' average of \$5.70. The District's plant operations cost per pupil was slightly lower primarily because it operated and maintained less square footage per pupil than peer districts.

Efficient food service program—The District's food service program operated efficiently with a cost per meal of \$2.43 that was 9 percent lower than the peer districts' \$2.66 average. Queen Creek USD controlled costs by closely monitoring the program, including regularly calculating meals per labor hour and making corresponding adjustments to the number of hours employees worked. However, the costs for meals sold to some charter schools exceeded the revenues they generated (see Other Findings, page 9).

Higher transportation costs—The District's \$427 cost per pupil was 8 percent higher than the peer districts' average of \$396, and its \$3.61 cost per mile was 6 percent higher than the peer districts' average of \$3.40. These higher costs contributed to the District's subsidizing its transportation program with \$270,000 that could potentially have been spent in the classroom. The District's costs were higher in part because its routes were likely not efficient and it did not use performance measures to help evaluate and monitor the efficiency of its program. Further, Queen Creek USD over-reported its fiscal year 2011 route miles to the Arizona Department of Education for state transportation funding, resulting in its being overfunded by \$63,000 in fiscal year 2012 (see Finding 2, page 5).

FINDING 1

Much lower administrative costs, but some improvements needed

In fiscal year 2010, Queen Creek USD's administration operated efficiently with costs that were 24 percent lower per pupil than peer districts', on average. The District attained these lower costs primarily by employing fewer administrative staff and paying some administrators lower salaries than peer districts. However, the District should strengthen controls over access to its computerized accounting and student information systems.

Fewer administrative employees and lower salaries for some administrators

In fiscal year 2010, Queen Creek USD spent \$566 per pupil for administration, which is \$182 or 24 percent less than the peer districts' average of \$748 per pupil. Queen Creek USD spent less for administration primarily because it employed fewer administrative employees and paid some administrators lower salaries than peer districts. The District employed one administrative full-time equivalent (FTE) position for every 112 students while the peer districts employed one FTE for every 95 students, on average. Queen Creek USD's lower administrative staffing was primarily due to its employing fewer administrative support positions at school sites, including secretaries and receptionists, and fewer support staff positions in its business office, such as clerks and bookkeepers. Further, the District also employed fewer administrative technology employees to maintain its computer network and information systems. Additionally, in reviewing detailed information for the six audited peer districts, auditors found that Queen Creek USD's superintendent was paid slightly less and its assistant principals were paid much less despite generally having a similar number of years of experience as the audited peer districts' administrators.¹

District should strengthen controls over access to accounting and student information systems

The District needs to improve controls over user access to its accounting and student information systems. Although no improper transactions were detected in the items auditors reviewed,

¹ Within the 11-district efficiency peer group, auditors compared administrative salaries and longevity among a 6-district subset that was subject to performance audits for fiscal year 2010 operations.

strengthening access controls to these systems is necessary to help prevent fraud and abuse and to protect sensitive information.

Broad access to accounting and student information systems increased risk of errors, fraud, and misuse of sensitive information—Auditors reviewed the District’s user access report for the 15 primary users with access to the accounting system and found that one employee had full access to all accounting system functions. Full access in the accounting system provides an employee the ability to add new vendors, create and approve purchase orders, pay vendors, add new employees, set employee pay rates, and process payroll payments without independent review. Five additional employees had less than full access, but still had accounting system access beyond what was required to complete their job responsibilities. Although no improper transactions were detected in the payroll and accounts payable transactions auditors reviewed, access beyond what is required to fulfill job responsibilities exposes the District to a greater risk of errors, fraud, and misuse, such as processing false invoices or adding nonexistent vendors or employees. The District also needs to review access to its student information system to ensure that employees have access to only the information required for them to perform their job duties and to help ensure compliance with federal laws such as the Family Educational Rights and Privacy Act. Auditors reviewed the District’s user access report for all 387 users with access to the student information system and found that 58 employees had access to student health records while only a few of those employees appeared to need that information to carry out their job duties.

Recommendation

1. The District should limit employees’ access to only those accounting system functions and student information needed to perform their job responsibilities.

FINDING 2

Improvements needed to lower transportation costs and accurately report transportation miles and riders

Compared to peer districts', Queen Creek USD's fiscal year 2010 transportation costs were 6 percent higher per mile and 8 percent higher per pupil. These higher costs contributed to the District's spending \$270,000 more on its transportation program than it received in state transportation funding, meaning the District had to subsidize its transportation program with monies that otherwise potentially could have been spent in the classroom. The District's costs were higher in part because its routes were likely inefficient and it did not use performance measures to help it evaluate and monitor the efficiency of its program and proactively identify operational issues. Additionally, the District over-reported its mileage for state funding purposes in fiscal year 2011, resulting in its being overfunded by \$63,000 in fiscal year 2012. Queen Creek USD also did not have supporting documentation for the number of route miles and riders that it reported for state transportation funding in fiscal year 2010.

Higher costs led to subsidy of transportation program

In fiscal year 2010, Queen Creek USD's \$3.61 cost per mile was 6 percent higher than the peer district's average of \$3.40, and its \$427 cost per pupil was 8 percent higher than the peer district's average of \$396. These higher costs contributed to the District's subsidizing its transportation program by \$270,000. The District's costs were higher primarily because its bus routes were likely inefficient and it did not use performance measures to help it evaluate and monitor the efficiency of its program.

Inefficient bus routes—The District did not maintain records supporting fiscal year 2010 bus ridership to determine route efficiency for that year, so auditors reviewed bus route efficiency in fiscal year 2011 and found that routes were inefficient. In fiscal year 2011, district routes filled buses to only 64 percent of bus capacity, on average, and many routes filled buses to less than 50 percent of bus capacity. Districts with efficient bus routes will typically operate routes that fill buses to 75 percent or more of bus capacity. Prior audits have shown that districts with high transportation costs often operate inefficient bus routes. Further, the District had a similar number of students in fiscal years 2010 and 2011, and district officials stated that routes did not change substantially between those years. Therefore, it appears likely that the District's routes were also

inefficient in fiscal year 2010 and, as such, may help explain the District's high costs. Although district officials indicated they regularly review bus routes, the District should take a closer look at routes with an emphasis on combining routes and potentially reducing the number of buses and drivers needed.

Performance measures not established and monitored—The District did not establish and monitor performance measures to help it evaluate the efficiency of its transportation program. The District's high costs and subsidy of its program emphasizes the need for such monitoring. Measures such as cost per mile, cost per rider, miles per gallon, and ride times can help the District identify areas for improvement. With such measures, the District can better evaluate the efficiency of its program and proactively identify operational issues.

District overstated mileage, which resulted in \$63,000 of overfunding

Districts receive state monies for student transportation based on a formula that uses primarily the number of route miles traveled and secondarily the number of eligible students transported. Route miles traveled do not include miles for bus maintenance, field trips, and other activity miles. These miles are funded separately. Queen Creek USD did not maintain detailed records supporting its reported number of route miles and other miles for fiscal year 2010, as required by the Arizona State Library, Archives and Public Records retention schedule, so auditors reviewed available fiscal year 2011 records and determined that the District reported its fiscal year 2011 route mileage based on bus odometer readings, which included nonroute miles. As a result, the District over-reported its fiscal year 2011 transportation route miles to the Arizona Department of Education by about 15,000 miles and was overfunded by about \$63,000 in state transportation funding. The District did not maintain detailed records from previous years for auditors to determine possible overfunding in those years; however, district officials stated that they had used a similar methodology of using changes in odometer readings for reporting route miles for many years, and therefore, the District was likely overfunded for those prior years as well because the reported miles would have included nonroute miles.

Additionally, the District did not maintain records supporting the number of riders reported for fiscal year 2010 as required by the Arizona State Library, Archives and Public Records retention schedule. Because of the lack of rider information, efficiency benchmarks such as cost per rider or bus capacity usage rates could not be calculated for fiscal year 2010 to help further evaluate the efficiency of the District's program.

Recommendations

1. The District should closely review its bus routes to determine if changes can be made to improve route efficiency.
2. The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.
3. The District should accurately calculate and report the miles driven for state funding purposes.
4. The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budget.
5. The District should maintain its records supporting the reported number of transportation miles and riders as required by the Arizona State Library, Archives and Public Records retention schedule.

OTHER FINDINGS

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

District incurred a loss on lunches provided to some charter schools

In fiscal year 2010, Queen Creek USD provided lunches for five local charter schools and provided breakfasts and snacks for one of the five charter schools. The District charged the charter schools for the costs of these meals with the intent that they would generate additional revenue for the District's food service program. However, the District did not charge some of the charter schools enough for the meals to cover its costs. More specifically, auditors found that Queen Creek USD incurred a loss on the lunches sold to two of the five charter schools. At these two charter schools, the District's costs for the meals exceeded its revenues by an estimated combined total of \$3,700. Before agreeing to provide services to other organizations, the District should carefully analyze all costs and expected revenues to ensure such agreements are at least self-supporting.

Recommendation

The District should renegotiate prices with the charter schools to ensure that revenues generated from selling meals at least cover the related costs.

APPENDIX

Objectives, Scope, and Methodology

The Office of the Auditor General has conducted a performance audit of the Queen Creek 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 School District Spending (Classroom Dollars report)*, this audit focused on the District's efficiency and effectiveness in four operational areas: administration, plant operations and maintenance, food service, and student transportation. To evaluate costs in each of these areas, only current expenditures, primarily for fiscal year 2010, 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 2010 summary accounting data for all districts, Queen Creek USD's fiscal year 2010 detailed accounting data, contracts, and other documents, and its fiscal year 2011 student transportation data; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff.

To analyze Queen Creek 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 Queen Creek USD and the ten other unified and high school districts that also served between 2,000 and 7,999 students and were located in cities and suburbs. Within this operational peer group, auditors developed a subset consisting of six districts that were subject to performance audits for their fiscal year 2010 operations. Auditors compared the more detailed accounting, salary, and longevity data that were available for these districts to Queen Creek USD's operations where applicable. To compare districts' academic indicators, auditors developed a separate student achievement peer group using poverty as the primary factor because poverty has been shown to be strongly related to student achievement. Auditors also used secondary factors such as district type, size, and location to further refine these groups. Queen Creek USD's student achievement peer group includes Queen Creek USD and the 13 other unified districts that also served student populations with poverty rates less than 14 percent. Additionally:

- To assess the District's student achievement, auditors reviewed the Arizona's Instrument to Measure Standards (AIMS) passing rates, "Adequate Yearly Progress" for the federal No Child Left Behind Act, and high school graduation rates. AIMS passing rates were compared to the state-wide average and the average of the student achievement peer districts.

¹ Current expenditures are those incurred for the District's day-to-day operations. 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.

- 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 2010 administration costs and staffing levels and compared these to peer districts'. To further evaluate costs, auditors compared Queen Creek USD's administrative staff salaries and longevity to the averages of the six-district subset described previously.
- To assess the District's computer information systems and network, auditors evaluated certain controls over its logical and physical security, including user access to sensitive data and critical systems, and the security of servers that house the data and systems. Auditors also evaluated certain district policies over the system, such as data sensitivity, backup, and recovery.
- 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, bus routing, and bus capacity usage. Auditors also reviewed fiscal year 2010 transportation costs and compared them to peer districts'. Because of the lack of documentation for fiscal year 2010 mileage driven and riders transported, auditors reviewed and evaluated available documentation of fiscal year 2011 mileage, riders, and bus capacity usage.
- To assess whether the District's food service program was managed appropriately and functioned efficiently, auditors reviewed fiscal year 2010 food service revenues and expenditures, including labor and food costs, compared costs to peer districts', reviewed the Arizona Department of Education's food service monitoring reports, and observed food service operations. Auditors also reviewed the program's costs and related revenues generated from meals sold to outside organizations. The costs for these meals were excluded from the calculation of the District's food service cost per pupil used in this report.
- To assess the District's financial accounting data, auditors evaluated the District's internal controls related to expenditure processing and scanned all payroll and accounts payable transactions for proper account classification and reasonableness. Additionally, auditors reviewed detailed payroll and personnel records for 30 of 866 individuals who received payments through the District's payroll system and reviewed supporting documentation for 30 of the 17,833 accounts payable transactions. Auditors also evaluated other internal controls that were considered significant to the audit objectives.
- To assess whether the District's plant operations and maintenance function was managed appropriately and functioned efficiently, auditors reviewed and evaluated fiscal year 2010 plant operations and maintenance costs and district building space, and compared these costs and capacities to peer districts'.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2010 expenditures to determine whether

they were appropriate and if the District properly accounted for them. Auditors also reviewed the District's performance pay plan and analyzed how performance pay was being distributed. No issues of noncompliance were identified.

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 Queen Creek Unified School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE

DISTRICT RESPONSE

Queen Creek School District No.95

20217 East Chandler Heights Road, Queen Creek, Arizona 85142 Phone (480) 987-5935 Fax (480) 987-9714

Learning Is Our #1 Priority!

October 17, 2012

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

Ms. Davenport,

Queen Creek Unified School District (QCUSD) respectfully submits our response to the Performance Audit for Fiscal Year 2010, which was conducted in conformity with Arizona Revised Statute (A.R.S.) §41-1279.03. QCUSD understands that this Statute requires all Arizona public school districts to undergo a specialized audit to assess a District's comparative expenditure patterns with similar sized districts.

QCUSD welcomes the opportunity to improve our organization and appreciates the Auditor General staff that was assigned to our District in regard to their professionalism while interacting with our staff. The A.G.'s staff was sensitive to the additional time necessary for completion of this audit and has been extremely supportive and helpful throughout the audit process.

QCUSD appreciates the auditor's recognition of our student achievement, with AIMS scores similar to peer districts' scores and much higher than state averages. We further appreciate the acknowledgement that the District operated efficiently overall, with costs that were lower than or similar to peer districts.

The Performance Audit lists two main findings regarding low administrative costs and improvements needed to lower transportation costs and accurately report transportation miles and riders and one other less significant finding in that the District incurred losses on lunches provided to some charter schools. On the following pages, in compliance with the requirements of A.R.S. §41-1279.03, QCUSD has addressed each recommendation in the report, stating whether the District:

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.

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

Sincerely,

Thomas Lindsey
QCUSD Superintendent

Cc: Shari Zara, Chief Financial Officer
Governing Board, Queen Creek Unified School District
Ross Ehrick, Division of School Audits Director
Ann Orrico, Division of School Audits Manager

Together We Make A Difference!
Mr. Tom Lindsey, Superintendent of QCUSD Schools

Finding 1:

Response:

The District concurs with the finding and will ensure strengthened controls over access to accounting and student information systems.

The District has reviewed employee job responsibilities and limited their access to the accounting and the student information systems to be in alignment with their responsibilities.

Finding 2:

Response:

The Transportation Department agrees, with the findings of the Auditor General's office in reference to the operations of this Department.

It is the intent, of the Queen Creek Unified School District Transportation Department, to comply with all of the recommendations in the report.

1. The District will closely review its bus routes to determine if changes can be made to improve efficiency. We have already combined some routes and will continue to try to combine other routes. More routes may be able to be combined, to reach the 75% ridership desired. We have also already implemented a Transportation routing software system.
2. The District will develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage. We have already implemented new vehicle maintenance software, in our vehicle repair area, which will assist us in more accurately measuring and monitoring vehicle costs per mile, cost per rider, and bus capacity usage.
3. The District will accurately calculate and report the miles driven for state funding purposes. This department has very recently received training on how to properly calculate and report the miles driven for state funding purposes. There will be no further discrepancies in the reporting of the mileage.
4. The District will contact the Arizona Department of Education regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budget.
5. The District will retain ALL supporting documentation to support the reported number of transportation students and miles as required by the Arizona State Library, Archives, and Public Records retention schedule.

Other Findings:

Response:

The District agrees with the finding and will renegotiate prices with the charter schools to ensure that revenues generated from selling meals at least cover the related costs. The District has analyzed prices with the charter schools to ensure that revenues generated from selling meals at least cover the related costs. The preschool sites contracts will be reviewed to include all costs and will be kept with contracts commencing 2013-14 school year. A recent analysis was completed. A new contract that increased lunch prices for the K-8 charter schools was presented to the Governing Board for approval, on June 2012.

