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OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

July 20, 2017

The Honorable Bob Worsley, Chair  
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Worsley and Representative Kern:

Our Office has recently completed a 24-month followup of the Scottsdale Unified School District's implementation status for the 9 audit recommendations presented in the performance audit report released in May 2015. As the enclosed grid indicates:

- 5 recommendations have been implemented;
- 3 recommendations are in the process of being implemented; and
- 1 recommendation has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the May 2015 performance audit.

Sincerely,

Vicki Hanson  
Director, Division of School Audits

VH:bh  
Enclosure

cc: Dr. Denise Birdwell, Superintendent  
Governing Board  
Scottsdale Unified School District

**SCOTTSDALE UNIFIED SCHOOL DISTRICT**  
**Auditor General Performance Audit Report Issued May 2015**  
**24-Month Follow-Up Report**

Recommendation	Status/Additional Explanation
<b>FINDING 1: District had higher administrative costs, inaccurately reported its costs, and needs to strengthen computer controls</b>	
1. The District should evaluate its administrative positions and the related duties and salaries to determine how it can reduce administrative costs.	<p><b>Implementation in process</b></p> <p>The District has reviewed its administrative staffing and eliminated some positions, resulting in fiscal year 2016 administrative costs that were about \$650,000 lower than its costs in the audit year. However, because the District's enrollment decreased by about 1,900 students, or 7.6 percent, during this time period, its fiscal year 2016 per pupil administrative costs were similar to its per pupil costs in the audit year. District officials reported that they are continuing to review administrative staffing and are projecting a decrease of 12 administrative positions in fiscal year 2018.</p>
2. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<b>Implemented at 18 months</b>
3. The District should eliminate or disable generic user accounts in its accounting and student information systems.	<b>Implemented at 6 months</b>
4. The District should ensure that it promptly removes terminated employees' IT systems access.	<b>Implemented at 6 months</b>
5. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<b>Implemented at 12 months</b>

**Recommendation**

**Status/Additional Explanation**

**FINDING 2: District should continue to review options to address its excess building capacity**

1. The District should continue to review its building capacity usage to evaluate how it can reduce its excess building space.

**Not implemented**

The District has not made changes that have substantially impacted its building capacity usage. Further, since the time of the audit, the District's number of students enrolled has continued to decline. In fiscal year 2017, the District had about 22,700 students enrolled while the Arizona School Facilities Board reported that the District had school building capacity for about 37,000 students. District officials reported that they are continuing to review building space and utilization.

**FINDING 3: High transportation costs and some records could be improved**

1. The District should closely review its bus routes to determine how it can improve its route efficiency.

**Implementation in process**

The District reported reducing its number of bus routes in fiscal year 2016, and it reported fewer miles driven and fewer students transported. However, the District's total costs to operate its transportation program were similar to the prior year, and the District's cost per mile and cost per rider remained higher than peer districts' averages in fiscal year 2016. District officials reported that they plan to implement a new bus routing system for fiscal year 2018 to aid in improving route efficiency.

2. The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage to help evaluate and improve the efficiency of its transportation program.

**Implementation in process**

The District has begun calculating some transportation program efficiency measures, and district officials stated that they plan to use the new bus routing system, once implemented, to evaluate and improve the efficiency of its transportation program.

3. The District should improve its records summarizing the number of transportation miles and riders reported.

**Implemented at 12 months**