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Kino V. Flores, Ed.D.

January 31, 2008

Debra Davenport
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, Arizona 85018

RE: Response to Tolleson Union High School District #214 2005-2006 Performance Audit

Dear Ms. Davenport:

This correspondence and the attached responses constitute Tolleson Union High School District's ("District") response to the Auditor General's Performance Audit Report ("Report").

The Report includes a number of recommendations in the areas of administration, student transportation, Proposition 301 monies, classroom dollars, and English Language Learner programs, costs, and funding. The District is in general agreement with the suggested recommendations and in some cases had already noted the deficiency and made necessary corrections under new departmental management. The District is in the process of implementing other recommendations noted to ensure compliance with all state and federal laws. Consistent with the philosophy that has driven the Tolleson Union High School District for many years, we will continue to be respectful of our constituents by striving for outstanding academic progress, fiscal responsibility, and compliance with state and federal statutes.

Tucked in the middle of the rapidly expanding communities of Avondale, Glendale, Phoenix, and Tolleson, the Tolleson Union High School District is experiencing a shift from a rural district to an urban district. Student population increased by eight percent (8%) during the previous two years resulting in zero capacity at all District high schools and solidifying the need for an additional high school, Sierra Linda, which is scheduled to open for the 2008-2009 school year.

Dedicated teachers, support staff, and administrators, believe in the District's mission to guarantee higher levels of learning for all students. They have been instrumental in instilling the value of an education in our students, as evidenced by an increase in the graduation rate from 58% in 1999 to 83.3% in 2006. The students' desire to learn has also resulted in a reduction of 3.6% in the dropout rate, far below the State and County rates of 6.4% and 6.3%, respectively.

Student achievement test scores have increased by 45% in the language, reading, and math portions of the TerraNova. The number of students who have passed the tenth grade AIMS math and writing has also increased over previous years. A rigorous school improvement process has resulted in our schools receiving AZ LEARNS labels of Performing, Performing Plus, and Highly Performing.

Through the collaborative efforts of our business partners, community members, and non-profit agencies, the District has been successful in raising in excess of \$1.5 million for student scholarships and classroom incentives. Students who once were faced with the prospect of ending their education at the twelfth-year level have been presented with opportunities to further their education.

Through the generosity of the area's land owners, the District has been successful in obtaining four 55-acre parcels of land. Numerous meetings with architects, contractors, and city and county officials resulted in two high schools, Copper Canyon and La Joya Community, being built on time and within budget. We anticipate the same for Sierra Linda High School and have begun the planning process for high school No. 6.

As the number of students continues to increase, we will continue to explore ways to improve effectiveness and efficiency for our departments as they service our students, staff, and community ensuring the best use of our taxpayers' dollars. Additionally, we will strive to increase the number of dollars going directly into the classroom while maintaining other necessary student services that directly affect the learning that occurs in the classroom.

We appreciate the time, effort, and professionalism displayed by your staff while on assignment at our District. We are confident that a collaborative effort between the District and your office will assist us in attaining the goals outlined in the Performance Audit.

Sincerely,

Kino V. Flores, Ed.D.
Superintendent

Tolleson Union High School District
Response to Auditor General's Performance Audit Report

Administration

1. Recommendation: The District should ensure that purchases made on the Superintendent's District credit card are in accordance with District policies, including proper documentation and allowability of all purchases. The District should also seek legal counsel regarding past unallowable purchases and whether any reimbursements are required.

District Response: The District agrees with and will implement this recommendation. Legal counsel's review as recommended above will also include an analysis of the "allowability" of credit card charges and whether credit charges were in accordance with District policies or any compensation agreement the District had with the Superintendent. If any charges are determined by legal counsel to be unallowable, the Superintendent has agreed to personally reimburse the District.

Action Already Taken by District: The District has retained legal counsel in accordance with the Auditor General's recommendation. The Superintendent no longer has a District credit card.

2. Recommendation: The District should establish appropriate expenditure controls and documentation. Specifically, the District should:

Recommendation a. Improve its procedures for charge account purchases, ensuring that supervisors review and approve purchases before payment and detailed receipts support each purchase.

District Response: The District agrees with and will implement this recommendation.

Action Already Taken by District: The District has implemented procedures at the site level to ensure expenditures made on store charge accounts are reviewed by a supervisor, or designee, to ensure all purchases are necessary and appropriate.

Recommendation b. Evaluate its use of cell phone stipends, including eligible positions and appropriate amounts, and develop a District policy on the cell phone stipends for Governing Board consideration and approval. Further, any authorized cell phone stipends should be incorporated into employment contracts.

District Response: The District agrees with and has effectively already implemented this recommendation.

Action Already Taken by District: Effective FY2007-2008, the District eliminated cell phone stipends for all employees unless the employee's contract specifically provided for this benefit.

3. Recommendation: The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without an independent review and approval.

District Response: The District agrees with the recommendation. In fact, the District's online accounting system internal controls are separate and distinct from physical access to end products (checks). Therefore, no individual employee has the ability to initiate and complete a transaction without an independent review and approval. The District will strengthen its accounting system internal control by better limiting the two employees' access by setting separate access parameters.

Some of the duplication of access between the Payroll Department and Human Resources Department can be eliminated once the Human Resources Department assumes responsibility for all of its job functions and fully implements the Visions software. The District has made a recent management change in its Human Resources Department and a timeline for implementation of these improvements has been given to the new leadership.

4. Recommendation: The District should only use fundraising proceeds for the purposes stated when the donations were solicited.

District Response: The District agrees with and will implement this recommendation.

If applicable, the phrase 'staff incentives' will be added to any and all future fundraising materials to ensure donors have a complete understanding of how donations will be used. The District acknowledges that the express term 'staff incentives' was not specifically included in the fundraising brochure. However, staff morale is positively affected by small incentives such as staff luncheons, t-shirts for security personnel, etc. which directly benefits student learning in the classroom.

5. Recommendation: The District should no longer operate the fundraising raffle and should seek counsel regarding the legality of its fundraising golf tournament.

District Response: The District agrees with this recommendation and will initiate the necessary actions to make sure any future fundraisers are fully compliant with the rules, regulations, and laws applicable to the District.

The District operated the raffles and fundraisers with good intentions and students clearly benefited. Specifically, the raffles and fundraisers provided students with scholarships and incentives and the opportunity to participate in extracurricular activities they would not have been able to afford. Many students have gone to college because scholarship funds were made available.

Action Already Taken by District: The District has retained legal counsel as recommended by the Auditor General. Furthermore, the District has arranged for any and all future fundraising activities to be conducted by a qualifying organization, commonly referred to as a 501(C)(3) Organization.

Student Transportation

1. **Recommendation:** The District should accurately track and report student transportation riders to ensure it receives proper transportation funding.

District Response: The District agrees with and will implement this recommendation.

Action Already Taken by District: The District has implemented a system to ensure student transportation riders are accurately tracked and reported to the Department of Education. The District has implemented a system to ensure the number of students reported accurately reflects the total of actual riders on a daily basis.

2. **Recommendation:** To aid in evaluating the costs and efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile, cost per rider, driver productivity, bus capacity utilization, and ride times.

District Response: The District agrees with and will implement this recommendation.

Action Already Taken by District: New personnel hired by the District in June of 2006 have implemented certain improvements to routing. They will continue to work on routing improvements to ensure efficient and effective student transportation at the most advantageous cost possible.

Proposition 301 Monies

1. **Recommendation:** The District should ensure that it correctly calculates pay amounts in accordance with the Governing Board-approved plan. Further, the District should continue to review and recover overpayments made and make payments to employees who were underpaid.

District Response: The District agrees with this recommendation and will implement the necessary measures to ensure amounts due employees are correctly calculated in accordance with the Governing Board's approved plan and take appropriate measures to recover overpayments made and make payments to employees that were underpaid. The District expects to have the overpayments and underpayments corrected by June 30, 2008.

It should be clarified that miscalculations are applicable only to District merit payments, otherwise known as Fund 012 payments. The District's software at the time did not allow staff to pull individual employee work day records, so the District used master listings from the Human Resources Department. The records did not accurately reflect any leaves without pay. Consequently, some employees were paid incorrectly.

Action Already Taken by District: The District has pulled actual attendance and FTE data from its Visions system to calculate the correct payment amount for each employee. The District has also implemented an improved 6/5ths contract system, which will simplify this calculation and ensure its accuracy. These changes and improvements were made for

FY2006-2007 final performance payments made in October 2007 for staff that were employed with the District.

Classroom Dollars

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

District Response: The District agrees with this recommendation.

Action Already Taken by District: Prior to the audit, the District had reviewed its coding to ensure compliance with the USFR Chart of Accounts. All suggested changes were made via adjusting journal entries in FY2006-2007. The District is also retraining employees and training new employees who code personnel action forms to ensure accuracy and consistency.

2. Recommendation: The District should review its noninstructional spending to determine if savings can be achieved and some of these monies can be redirected to the classroom.

District Response: The District agrees with this recommendation.

However, the District strongly believes that many of its support services increase the likelihood of student success in the classroom. While the District strives to keep administrative costs low, there are other direct student service costs such as psychological services, counselors, student transportation, social workers, security guards, etc. that are necessary to ensure success in the classroom. These costs are not classified as ‘classroom’ expenditures, even though they directly benefit the students. The District’s goal is to remain ‘lean’ administratively and to ensure its students receive all services necessary to ensure success in the classroom and to promote the best learning environment possible.

English Language Learner Programs, Costs, and Funding

1. Recommendation: In preparation for developing the District’s SEI budget request, the District should identify and record all ELL incremental costs.

District Response: District agrees with this recommendation and is awaiting final direction (still not available on the ADE website at this writing) from the Department of Education to ensure its coding is in compliance with the new requirements.