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AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

October 2, 2012

The Honorable Carl Seel, Chair  
Joint Legislative Audit Committee

The Honorable Rick Murphy, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Seel and Senator Murphy:

Our Office has recently completed a 24-month followup of the Willcox Unified School District's implementation status for the 14 audit recommendations presented in the performance audit report released in June 2010. As the enclosed grid indicates:

- 9 recommendations have been implemented;
- 4 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 June 2010 performance audit.

Sincerely,

Ross Ehrick, CPA  
Director, Division of School Audits

RE:bl  
Enclosure

cc: Dr. Richard Rundhaug, Superintendent  
Governing Board  
Willcox Unified School District

# WILLCOX UNIFIED SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued June 2010 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: Transportation program needs safety and reporting improvements</b>	
1. The District should ensure that bus preventative maintenance is conducted and documented as specified in the State's <i>Minimum Standards for School Buses and School Bus Drivers</i> .	<b>Implementation in process</b> The District is now using a software program to track and document preventative maintenance and repairs for its bus fleet. However, the District is not yet documenting the mileage of the buses in the system, so it still cannot ensure or demonstrate that preventative maintenance is conducted within the mileage requirements of its own preventative maintenance policy.
2. The District should implement a process to ensure that repair and maintenance orders are tracked through to completion and supporting documentation is retained.	<b>Implemented at 24 months</b>
3. The District should accurately calculate and report the data needed for state funding.	<b>Implemented at 24 months</b>
4. The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding report.	<b>Implemented at 24 months</b>
5. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile and cost per rider.	<b>Implemented at 24 months</b>
<b>FINDING 2: Inadequate controls increased risk of errors and fraud</b>	
1. The District should implement proper controls over its payroll processing to ensure adequate separation of responsibilities, and proper documentation and approval of extra-duty pay.	<b>Implementation in process</b> The District has sufficiently separated its payroll and personnel responsibilities. However, the District is still not always ensuring that it has documentation and approval of extra-duty pay before employees perform additional duties.
2. The District should ensure it pays employees in accordance with agreed-upon contracts.	<b>Implemented at 24 months</b>

Recommendation	Status/Additional Explanation
3. The District should limit employees' access to only those accounting system functions needed to perform their work.	<b>Implemented at 24 months</b>
4. The District should implement formal written procedures to ensure that access is promptly removed when employees leave the District's employment and that any temporary accounts are disabled when no longer needed.	<b>Implemented at 24 months</b>

**FINDING 3: District spent Classroom Site Fund monies inappropriately**

1. The District should ensure that CSF monies are used to supplement rather than supplant other monies.	<p><b>Not implemented</b></p> <p>The District's fiscal year 2011 classroom dollar percentage of 53.6 was lower than both the prior year's 54.5 percent and the audit year's 54.7 percent. Further, preliminary analysis of the District's fiscal year 2012 classroom dollar percentage indicates a likely continued decrease in its classroom dollar percentage.</p>
2. The District should ensure that site-based goals are clearly defined and promote improved performance.	<b>Implemented at 24 months</b>
3. The District should ensure that it retains adequate documentation to demonstrate that performance pay goals were met.	<b>Implemented at 24 months</b>

**OTHER FINDING 1: District did not accurately report its costs**

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p><b>Implementation in process</b></p> <p>The District held trainings with various departments on proper expenditure classification and reviews classification at weekly staff meetings. In the audit year (fiscal year 2009), the District misclassified \$545,000 of its expenditures. During follow-up work, auditors reviewed transactions in fiscal year 2012 that were similar to those misclassified in fiscal year 2009 and identified \$95,500 in misclassifications. District officials stated that they will continue to work on accurately classifying transactions.</p>
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**Recommendation**

**Status/Additional Explanation**

**OTHER FINDING 2: District did not adequately review food service vendor billings**

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1. The District should require detailed invoices from its vendor and review the invoices to help ensure charges are in accordance with the contract and that funding is appropriate.

**Implementation in process**

The District is now reviewing vendor invoices to verify that it is being charged the correct rate per meal and that the invoice totals are accurate. Additionally, the District is requiring that the vendor provide point-of-sale reports showing the number of meals served. However, the District is not yet reviewing these reports to ensure that it is being charged for the correct number of meals.

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