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

Dear Ms. Davenport:

Willcox Unified School District #13 respectfully submits its response to the recently concluded performance audit for fiscal year 2009. The audit indicated four areas of concern: (1) lack of bus maintenance documentation, (2) reporting errors resulting in State transportation aid over funding, (3) lack of adequate controls over the accounting/payroll systems and (4) likely Classroom Site Fund supplanting.

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 and if the District will implement, will implement with modification or will not implement the recommendation.

I would like to thank the audit team for their work on this performance audit. Ms. Vicki Hanson and Mr. David Winans 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 yours,

Richard R. Rundhaug, Ph.D.
Superintendent

**Auditor General Performance Audit, Report No. 10-03
Willcox Unified School District #13
District Response to Audit Findings**

FINDING NO. 1 - Transportation program needs safety and reporting improvements

DISTRICT RESPONSE:

A. Preventative maintenance not systematic

The District agrees with this recommendation and will implement procedures to ensure bus preventative maintenance is conducted and documented in accordance with “State Minimum Standards for School Buses and School Bus Drivers” specifications:

1.1 Willcox USD will purchase a maintenance software program that will provide reminders to the bus mechanic concerning critical bus maintenance needed. The software will help the department track oil changes, oil filters, air filters, lubrication, tire inspection, brake inspection and other data to ensure the safety of all District buses and vehicles. The software will be purchased in the FY 2010-2011 school year. This software will also provide needed documentation that all maintenance is being performed on District vehicles on a timely basis.

B. No formal procedure for work orders

The District agrees with this recommendation and will implement a process to ensure that repairs and maintenance orders are tracked through to completion and supporting documentation is retained:

1.2 The software package will be maintained by the Transportation clerk who in-turn will provide the department mechanic with daily work orders that reflect necessary maintenance and repairs for specific vehicles and buses. Once the work order is complete the mechanic will notify the clerk to close the work order. Document of work order completion will be kept electronically.

C. Inaccurate reporting of mileage and riders resulted in \$44,000 over funding

The District agrees with this recommendation and will implement the recommendation by having the Transportation Supervisor and the Business Manager review for accuracy all transportation reports being submitted to ADE for state funding. The Business Manager will also contact ADE for necessary action to correct the potential over funding in transportation aid:

1.3 The Transportation Department Clerk currently compiles information for ADE transportation reports (Trans55-1). Prior to submission of the report the Transportation Dept. Supervisor and the Business Manager will review the report for accuracy and timeliness.

1.4 The District Business Manager will contact ADE Student Transportation and review the potential over funding for necessary action.

The Transportation Supervisor and Business Manager will collaborate more closely on ADE reports.

D. Performance measures were not established and monitored

The District agrees with this recommendation and will implement the recommendation by having the Transportation Department develop and maintain performance data to aid in the evaluation of the efficiency of the department:

1.5 The District Business Manager and the Transportation Dept. Supervisor will develop and maintain performance data comparable to cost per mile and cost per rider as well as other performance information.

**FINDING NO. 2 - Inadequate controls increased risk of errors and fraud
DISTRICT RESPONSE:**

A. Inadequate controls over payroll processing

The District agrees with this recommendation and will implement the recommendation by having the Business Manager and the Accounting Supervisor review each payroll and sign-off on the accuracy of the payrolls. Additionally, payroll duties will be separated to ensure that no single employee will have complete access to all payroll functions:

Payroll process lacked independent review

2.1 The Accounting Supervisor and the Business Manager will review each payroll and sign-off on each payroll. Additionally, both the Accounting Supervisor and the Business Manager will review and sign-off on all new hires for the District and all changes in pay whether extra-duty or merit increases. All position postings and subsequent approvals are now going through the Superintendent's office, then the Business Office and finally to the Payroll Office for approval.

Authorization and pay for additional duties inadequately documented

2.2 The Accounting Supervisor is currently being cross-trained in all payroll functions and as a back-up measure will be able to process payroll and enter personnel into the payroll system. Both the Accounting Supervisor and the Business Manager will review changes and new hire salaries to ensure each employee is being paid correctly and accordance with their agreed-upon contracts.

B. Overly broad access to computerized accounting system

The District agrees with this recommendation and will implement the recommendation by reducing the number of personnel with access to the system by limiting access to job functions only:

2.3 During the FY 2009-2010 the District converted its accounting system from Visions Version 2x to Visions Enterprise. This conversion required many changes and since the implementation the District has reduced the number of personnel that have access to the system and has more closely delineated those personnel functions to align with only necessary access to the system. Access to the entire system is restricted to two personnel: the

Accounting Supervisor and the Business Manager with the Superintendent having “read only” access and the IT Department having limited access on an “as needed” basis. All other access is restricted to job function.

C. No process to remove access to network

The District agrees with this recommendation and will implement the recommendation by having the payroll specialist notify the IT Department each time an employee is terminated. The IT Department will ensure access to the network is immediately stopped and via return e-mail notify the Payroll Department that access to the network has been ended.

2.4 The Payroll Department will notify the Information Technology Department of all new hires and all terminating employees via e-mail and request network access be terminated for those people no longer working for the District. The IT Department will cancel terminated employee network accounts and via e-mail confirm the termination of network access for those people.

**FINDING NO. 3 - District spent Classroom Site Fund monies inappropriately
DISTRICT RESPONSE:**

A. Shift in spending indicates likely supplanting violations

The District does not entirely agree with this finding but will implement the recommendation to ensure the potential for supplanting does not occur. The District will diligently monitor its CSF monies to ensure funds are being used to supplement and not supplant other funds. The District will also monitor its non-instructional spending and to the extent possible redirect dollars into the classroom.

3.1 All CSF funds are paid to District teachers and approved instructional aides. We believe some of the issue concerning the appearance of supplanting is due to inaccurate account coding. The District is continuing to training personnel on the appropriate account coding. Also, District Office personnel are being sent to account coding professional development to ensure compliance with the USFR and chart of accounts. Finally, the District will modify its 301 Plan as current law requires.

B. Performance pay given without any documentation that goals were met

The District agrees with this recommendation and will implement the recommendation by reviewing the 301 Performance Pay Plan and ensuring the requirements around meeting goals are clear and concise. Also, the District will require principals to document that each employee meets their required goals prior to payment being made. All documentation surrounding the payment of CSF funds will be retained in the Payroll Department:

3.2 The District will define its 301 Pay for Performance Plan to ensure goals are clear and provide and retain documentation from each site that the goals have been met prior to the release of funds to teachers.

3.3 The District will maintain documentation from each site principal that indicates each CSF recipient has met their District and individual performance goals.

OTHER FINDINGS

DISTRICT RESPONSE:

District did not accurately report its costs

The District agrees with this recommendation and will implement the recommendation by classifying all transactions in accordance with the Uniform Chart of Accounts.

Additionally, personnel will have more training on coding and the Chart of Accounts.

4.1 Account coding has been a problem for District staff primarily due to personnel turn-over in the last couple of years. The District is focusing on procurement and account coding issues. We will be continuously training staff on coding in accordance with the USFR. On a weekly basis we are reviewing coding with the District Office personnel. Additionally, the District is looking into outside resources for the training of staff such as the Heinfeld, Meech & Co. University and other in-house training.

District did not adequately review food service vendor billings

The District agrees with this recommendation and has implemented the recommendation by having the FSMC improve their invoicing to the District with additional data to support their charges. The District is reviewing all charges from the FSMC for accuracy and validity.

4.2 The Business Office has requested and received more detailed billing reports from its Food Service Management Company (Sodexo). We are reviewing those reports and billings for accuracy. Also, the District is providing training for our cafeteria personnel regarding increased ordering and use of commodities.