



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

October 6, 2011

The Honorable Rick Murphy, Chair
Joint Legislative Audit Committee

The Honorable Carl Seel, Vice Chair
Joint Legislative Audit Committee

Dear Senator Murphy and Representative Seel:

Our Office has recently completed a 12-month followup of the Creighton Elementary School District's implementation status for the 23 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in July 2010. As the attached grid indicates:

- 16 recommendations have been implemented; and
- 7 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:tml
Enclosure

cc: Dr. Charlotte Boyle, Superintendent
Governing Board
Creighton Elementary School District

CREIGHTON ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued July 2010

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. The District should evaluate whether it can reduce its number of administrative positions to produce cost savings.	Implemented at 6 months The District reviewed administrative staffing and has reduced approximately 6 positions, including an assistant superintendent, an assistant principal, a director, and 3 support positions, resulting in district-estimated savings of approximately \$500,000 annually.
2. The District should determine whether and to what extent using public monies for purchasing meals and bottled water for staff not in travel status serves a public purpose and has educational value.	Implemented at 6 months According to district officials, the District has significantly reduced the amount of food and water provided to staff not on travel status. Auditor review of fiscal year 2011 expenditures as of January 14, 2011, found no purchases of bottled water or food for staff not on travel status, saving the District over \$100,000 per year.
3. The District should document salary changes by preparing contract addendums or payroll action forms. Also, it should seek the advice of counsel to determine the legality of the one-time pay increase in 2008 and whether any repayments are required.	Implemented at 12 months Auditors reviewed a sample of payroll changes and determined that they were appropriately documented. In addition, the District appropriately sought legal counsel regarding the 2008 one-time pay increase and, upon legal counsels' advice, sought repayment from district staff.
4. The District should limit access to the accounting and payroll systems to the minimum necessary for employees to complete their job duties.	Implementation in process The District has made appropriate changes to some employees' access rights. However, auditors determined that other employees still had overly broad access. District officials stated that they will continue to review and modify employees' access rights. Auditors will review this recommendation again at the 18-month followup.

Recommendation**Status/Additional Explanation**

5. To protect student information, accounting data, and the District's computer servers, the District should:

a. Require employees to regularly change their computer passwords;

Implemented at 6 months

b. Monitor access to the accounting system for appropriate access periodically and remove access immediately when employees leave employment with the District;

Implemented at 12 months

The District has created a committee to review user access for appropriateness. The District has also appropriately removed access for employees who left the District in fiscal year 2011 and has implemented a process to help ensure that access is removed in a timely way.

c. Ensure server rooms are adequately air conditioned, if possible, and equipped with fire-suppression equipment;

Implemented at 12 months

The District has taken measures to improve server rooms on school sites by equipping them with fire extinguishers, removing some of the server software from school sites, and increasing air flow to server rooms to provide better climate control.

d. Store backup tapes offsite in a secure location; and

Implemented at 6 months

e. Ensure its disaster recovery plan specifies appropriate employees, their contact information, and responsibilities in case of an emergency. Copies of the plan should be stored offsite.

Implemented at 6 months

Recommendation

Status/Additional Explanation

CHAPTER 2: Student transportation

1. To improve the efficiency of its student transportation program, the District should:

- a. Evaluate its office and bus aide staffing levels to determine if the number of staff can be reduced;
- b. Review bus driver staffing levels and scheduling to reduce the amount of overtime paid;
- c. Establish better controls over the fuel inventory; and
- d. Develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity usage.

Implemented at 6 months

The District reduced its transportation office staffing and bus aides by 5.5 full-time equivalent positions, resulting in district-estimated savings of approximately \$166,000 annually.

Implemented at 6 months

The District changed how it assigns bus routes to drivers, resulting in district-estimated savings of approximately \$75,000 annually.

Implemented at 12 months

The District has improved its oversight of the fuel inventory by monitoring fueling times, fuel usage, and fuel inventory levels on a weekly basis.

Implemented at 12 months

The District now tracks certain performance measures, such as payroll costs per mile and overtime hours, on a quarterly basis and adjusts staffing, as needed. It also monitors other measures annually, such as costs per rider and per mile, and compares them to the measures for prior years and for peer districts.

Recommendation	Status/Additional Explanation
<p>2. To ensure the safety of students and compliance with <i>Minimum Standards</i>, the District should:</p> <ul style="list-style-type: none"> a. Ensure that only buses are allowed in the bus loading/unloading areas and direct parents to the parent drop-off areas; b. Ensure that bus drivers are exhibiting the proper procedures when backing up; c. Ensure that school employees help load/unload students; and d. Monitor the use of cross-walks. 	<p>Implemented at 6 months</p> <p>Implemented at 6 months</p> <p>Implementation in process According to District officials, transportation staff and school site staff received training on proper loading and unloading procedures. However, at one school, during the 6- and 12-month follow-up visits, auditors observed multiple violations of safety procedures by students and parents, such as students walking through bus lanes that were not addressed by the teacher supervising the bus unloading area. District officials have determined that physical changes need to be made to the loading/unloading area. Auditors will review this recommendation again during the 18-month followup.</p> <p>Implemented at 6 months</p>
<p>3. The District should ensure that bus preventative maintenance is conducted and documented as specified in <i>Minimum Standards</i>.</p>	<p>Implementation in process The District has implemented a preventative maintenance plan for its buses. However, during the 6- and 12-month followups, auditors reviewed separate samples of maintenance files and determined that the documentation of work performed continues to be inconsistent. The District plan should list the preventative maintenance checks required for each vehicle and the District should improve the consistency of how the mechanics document the work performed.</p>
<p>CHAPTER 3: Plant operation and maintenance</p>	
<p>1. If student enrollment continues to decline and the District's building capacity usage drops below 75 percent, the District should consider ways to reduce its excess building capacity and the related costs.</p>	<p>Implementation in process The District is currently reconstructing one of its nine schools and plans to rebuild 6 more. These 7 schools are between 50-60 years old and, according to district officials, the schools will be updated and built for smaller capacity due to declining enrollment. Auditors will continue to monitor the District's building capacity usage during subsequent followups.</p>

Recommendation

Status/Additional Explanation

CHAPTER 4: Proposition 301 monies

1. The District should ensure that all eligible employees and only eligible employees receive Proposition 301 monies.

Implementation in process

The District stopped paying Proposition 301 monies to the ineligible employees identified during the audit. However, during the followup, auditors identified fiscal year 2011 Proposition 301 payments to teachers on assignment who were ineligible because they performed administrative duties. Auditors will review fiscal year 2012 Proposition 301 payments during the 18-month followup.

2. The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with the District's plan.

Implemented at 12 months

CHAPTER 5: Classroom dollars

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

Implementation in process

The District is now correctly coding some, but not all, of the misclassified types of expenditures identified by auditors in the July 2010 audit report. Auditors will review this recommendation again at the 18-month followup.

2. The District should closely analyze its spending in nonclassroom operational areas, such as administration and transportation, to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.

Implementation in process

Preliminary fiscal year 2011 records indicate the District has reduced its transportation spending and significantly reduced its administrative spending. Additionally, the District has established written guidelines for all budget conversations that include a commitment to keep funding reductions as far from the classroom as possible. However, auditors noted significant cuts to classroom spending in the District's 2012 budget, and therefore will review this recommendation again at the 24-month followup when fiscal year 2012 year-end records are available.