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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

December 22, 2009

The Honorable Thayer Verschoor, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Senator Verschoor and Representative Burges:

Our Office has recently completed a 12-month followup of the Lake Havasu Unified School District's implementation status for the 18 audit recommendations presented in the performance audit report released in December 2008. As the attached grid indicates:

- 16 recommendations have been implemented, and
- 2 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:bl
Enclosure

cc: Ms. Gail Malay, Superintendent
Governing Board
Lake Havasu Unified School District

LAKE HAVASU UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued December 2008

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. The District should review its administrative purchased services to determine how these costs can be reduced.	Implemented at 12 months The District has decreased its outsourced printing and binding costs by approximately 25 percent, or \$16,600, by installing new copiers with increased capabilities. Additionally, for fiscal year 2010, the District eliminated one administrative position and outsourced three other administrative positions. The District estimates that these changes will save about \$125,000.
2. The District should require and review credit card receipts to help ensure that proper amounts are billed and that credit cards are used appropriately.	Implemented at 6 months
3. The District should implement a cell phone policy, have employees sign user agreements, and review statements to help ensure the proper use of cell phones.	Implemented at 12 months
4. The District should ensure that computer server rooms are locked and the temperature is properly controlled.	Implemented at 6 months
5. The District should establish a disaster recovery plan for its information technology system.	Implemented at 6 months
6. The District should conduct basic computer security training for employees to inform them of the importance of security measures, such as locking computers when away from desks to prevent unauthorized users from accessing district software and data.	Implemented at 6 months
7. The District should correctly classify and record revenues to help ensure that monies are spent for allowable purposes.	Implemented at 12 months

Recommendation	Status/Additional Explanation
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CHAPTER 2: Student transportation

<p>1. The District should use the data it already collects to help create efficient routes. The District should also review rider counts throughout the year to evaluate and adjust routes to increase efficiency while ensuring student safety and ensure that it reports accurate rider counts for state funding purposes.</p>	<p>Implemented at 12 months The District accurately reported rider counts for state funding purposes in fiscal year 2009. Further, the District has begun monitoring its bus capacity utilization and has begun adjusting routes accordingly. For example, the District analyzed and adjusted its routes allowing it to use 2 fewer buses and drivers for the current year. The District estimates that this change alone will save it almost \$40,000. Overall, the District has decreased its transportation costs by about \$188,000, or 17 percent, since the audit year.</p>
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<p>2. 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, and bus capacity utilization.</p>	<p>Implemented at 12 months The District has begun calculating and monitoring performance measures, such as miles per rider, bus capacity utilization, cost per mile, and cost per rider.</p>
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<p>3. The District should establish proper controls over its fuel card usage. Such controls would include establishing written policies and procedures governing the cards' use, requiring user agreements signed by each cardholder, monitoring card usage, and reconciling fuel receipts to billing statements.</p>	<p>Implemented at 6 months</p>
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<p>4. The District should obtain, review, and maintain driving records on all of its drivers both prior to and throughout their employment, and implement procedures to ensure that all driver requirements are met in accordance with DPS <i>Minimum Standards</i>.</p>	<p>Implemented at 6 months</p>
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CHAPTER 3: Plant operation and maintenance

<p>1. The District should continue with its plans to reduce utility costs, and continue identifying ways to lower utility usage based on each school's particular facilities and equipment. Further, the District should educate staff and students about energy conservation and encourage them to conserve energy.</p>	<p>Implementation in process The District's Superintendent sent emails to staff encouraging them to help reduce the District's energy usage. Additionally, the District installed a more efficient chiller at one of its schools and is beginning to track monthly electricity usage. Auditors will review this recommendation at the 18-month follow up to determine if energy usage has decreased.</p>
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Recommendation	Status/Additional Explanation
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CHAPTER 4: Proposition 301 monies

1. The District's Proposition 301 plan should specify the amount of performance pay each eligible employee can earn if performance criteria are met.	Implemented at 12 months
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2. The District should review its performance pay plan to ensure that compensated activities are optional and that eligible employees are performing activities for which they are not already compensated during normal contracted hours.	Implemented at 12 months
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CHAPTER 5: Classroom dollars

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 12 months The District has corrected the misclassifications of expenditures that were identified during the audit.
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2. 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.	Implemented at 12 months The District's food service costs have decreased by about \$520,000, or 19 percent, since the audit year. Additionally, the District's administrative and transportation costs have also decreased. The District is still in the process of reviewing costs in other operational areas.
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CHAPTER 6: English Language Learner programs, costs, and funding

1. The District should continue to expand its English language development instruction to align with the models adopted by the ELL Task Force in September 2007.	Implemented at 6 months
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2. The District should separately account for the incremental portion of ELL costs using the appropriate account codes, and retain documentation supporting how those amounts are determined.	Implementation in process The District has set up appropriate codes to separately account for the incremental portion of ELL costs. However, auditors found that these codes were not being used correctly. This recommendation will be reviewed again at the 18-month follow up.
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