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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

January 4, 2010

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 Miami Unified School District's implementation status for the 19 audit recommendations presented in the performance audit report released in November 2008. As the attached grid indicates:

- 11 recommendations have been implemented;
- 6 recommendations are in the process of being implemented; and
- 2 recommendations are no longer applicable.

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: Mr. Don Nelson, Superintendent
Governing Board
Miami Unified School District

MIAMI UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued November 2008 12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. The District should examine the costs and benefits of paying for retiree healthcare benefits to determine whether to continue offering this option to future employees.	Implementation in process In January 2010, the District's governing board will vote on a policy that would allow the District to provide healthcare and death benefits only to employees hired prior to fiscal year 2001.
2. 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.	Implementation in process The District is in the process of revising its accounting system user access rights.
3. The District should implement proper internal controls as outlined in the Uniform System of Financial Records over its team shop sales and inventory, including using its computerized cash register to help properly account for sales and inventory.	Implementation in process The team shop will remain closed throughout fiscal year 2010. However, the District and some student activity groups are currently discussing how the team shop merchandise can be sold to students. Auditors will review this recommendation again at the 18-month followup.
CHAPTER 2: Student transportation	
1. The District should create and use efficient bus routes to maximize use of bus capacity.	Implemented at 6 months
2. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity utilization.	Implemented at 6 months
3. The District should ensure that bus preventative maintenance is conducted and documented as specified in the Arizona Department of Public Safety's <i>Minimum Standards for School Buses and School Bus Drivers</i> .	Implemented at 6 months

Recommendation**Status/Additional Explanation****CHAPTER 3: Plant operation and maintenance**

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| 1. To reduce its water expenditures, the District should monitor water usage at each of its schools, work to isolate high usage areas, and identify steps it can take to reduce usage. | Implementation in process
According to District officials, Miami USD continues to take steps to lower its water usage by reducing watering frequency and duration for district lawns and fields. Further, the District has incorporated water conservation steps into its district energy conservation plan. However, the District has not yet begun to monitor water usage. |
| 2. To reduce its natural gas expenditures, the District should develop a district-wide energy conservation plan, which could include steps to lower energy usage based on each school's facilities and equipment, and a component for educating staff and students about energy conservation. | Implemented at 12 months |

CHAPTER 4: Proposition 301 monies

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| 1. The District's Proposition 301 plan should specify which positions are eligible for the monies and the maximum amount, or range, of performance pay each eligible employee can earn if performance criteria are met. | Implemented at 6 months |
| 2. The District should reimburse the Classroom Site Fund with monies from the appropriate funds and ensure that it does not use Proposition 301 expenditures to supplant existing expenditures. | Implemented at 6 months |
| 3. The District should contact the Arizona Department of Education regarding the restatement of the District's Annual Financial Report for fiscal year 2007 for the supplanted amount. | Implemented at 6 months |
| 4. 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 6 months |

Recommendation

Status/Additional Explanation

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 continues working to ensure that all expenditures are classified in accordance with the Uniform Chart of Accounts for school districts. Auditors will review this recommendation again at the 18-month follow up.
2. The District should closely analyze its spending in noninstructional areas, especially administration, student support, and food service, to determine if savings can be achieved and whether some of these monies can be redirected to the classroom.	Implemented at 12 months The District has taken various steps, including closing a school and implementing water and energy reduction methods, to reduce costs in noninstructional areas. As a result, the District estimates an annual savings of approximately \$415,000.
3. The District should ensure that Extracurricular Activities Fees Tax Credit monies are spent in accordance with statute.	Implemented at 12 months

CHAPTER 6: English Language Learner programs, costs, and funding

1. The District should implement the structured English immersion (SEI) plan that it has adopted for fiscal year 2009 to ensure that its ELL students receive the required amount of English language development instruction in the proper classroom settings.	Implemented at 12 months For fiscal year 2010, the District provides Individual language learner plans (ILLP) for its ELL students, as allowed by the State's SEI model.
2. The District should use ELL compensatory instruction monies to offer English language development instruction to ELL students through programs in addition to normal classroom instruction and consistent with grant restrictions.	No longer applicable The District did not receive any ELL compensatory instruction monies for fiscal year 2010.
3. The District should take necessary steps to ensure that student- and summary-level ELL data submitted to ADE is accurate.	Implementation in process The District is working to ensure that student- and summary-level ELL data submitted to ADE is accurate. However, auditors found errors in the District's fiscal year 2010 data.
4. The District should capture all of its incremental ELL-related costs and use the account codes required by the Uniform Chart of Accounts for school districts.	No longer applicable The District was not approved for any incremental ELL costs through its fiscal year 2010 SEI budget and, therefore, has not recorded any incremental ELL costs.
