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AUDITOR GENERAL

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OFFICE OF THE
AUDITOR GENERAL

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July 22, 2010

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable Thayer Verschoor, Vice Chair
Joint Legislative Audit Committee

Dear Representative Burges and Senator Verschoor:

Our Office has recently completed a 6-month followup of the Nadaburg Unified School District's implementation status for the 16 audit recommendations presented in the performance audit report released in December 2009. As the attached grid indicates:

- 5 recommendations have been implemented; and
- 11 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: Gregory Riccio, Superintendent
Governing Board
Nadaburg Unified School District

NADABURG UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued December 2009 6-Month Follow-Up Report

| Recommendation | Status/Additional Explanation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHAPTER 1: Administration | |
| <p>1. The District should implement proper controls over its payroll process, ensuring adequate segregation of duties, supervisory review of time sheets, and proper documentation and approval of extra-duty pay.</p> | <p>Implementation in process The District has made changes to its payroll procedures to improve segregation of duties, as well as documentation and approval of its extra-duty pay. However, auditors noted employee timesheets that lacked proper supervisory review. Auditors will review payroll records during the 12-month followup to test whether the District is ensuring proper approval of timesheets.</p> |
| <p>2. The District should maintain required supporting documentation for all expenditures, including proof that the purchase was properly approved and the items or services were received.</p> | <p>Implementation in process The District has improved its processes for approving purchases and maintaining adequate documentation. However, auditors found that 3 of 10 expenditures tested did not have sufficient supporting documentation. Auditors will review expenditures during the 12-month followup to ensure that the District is maintaining all supporting documentation.</p> |
| <p>3. The District should improve controls over its fuel card purchases by:</p> <ul style="list-style-type: none"> a. Requiring additional documentation from the vendor, such as a log of district vehicle license numbers and odometer readings completed by district staff at the time of the fuel purchase; b. Obtaining all receipts from district staff; and c. Verifying the accuracy of billings. | <p>Implemented at 6 months</p> |
| <p>4. The District should limit employees' access to only those accounting system functions needed to perform their work.</p> | <p>Implemented at 6 months</p> |

Recommendation

Status/Additional Explanation

5. The District should implement a system of formal written procedures to ensure that access is promptly removed when employees leave the District's employment.

Implementation in process

The District issued a memorandum clarifying the requirement to remove terminated employees' access to all network systems. Although the District removed the terminated employees' access to the accounting system, the District could not demonstrate that it removed their access to the District's IT network. Auditors will review IT network access again during the 12-month followup.

CHAPTER 2: Student transportation

1. To aid in evaluating the costs and efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per rider, cost per mile, driver productivity, bus capacity utilization, and ride times.

Implementation in process

The District has purchased new software to help manage its student transportation program, but does not yet track performance measures. During the 12-month followup, auditors will review any performance measures the District is tracking.

2. The District should accurately track and report ridership to ensure it receives proper transportation funding.

Implemented at 6 months

3. The District should evaluate its controls over fuel inventory to restrict access to fuel pumps and ensure proper accounting of all fuel use.

Implemented at 6 months

CHAPTER 3: Plant operation and maintenance

1. The District should review staffing levels to determine whether the number of plant operations and maintenance positions can be reduced.

Implemented at 6 months

The District reduced its Plant Operations staff by 1.5 FTEs during fiscal year 2010.

2. The District should evaluate its energy usage and implement an energy conservation plan to help reduce costs.

Implementation in process

The District has made some efforts to reduce its energy usage, but has not formalized a plan specifying energy conservation expectations and requirements.

CHAPTER 4: Proposition 301 monies

1. The District should review its performance pay plan to ensure that all of its goals promote improved performance.

Implementation in process

The District modified and improved its performance pay plan for fiscal year 2011. However, changes in the plan do not expressly promote improved performance.

2. The District should evaluate all performance goals and maintain documentation to demonstrate that employees receiving performance pay have successfully completed their performance goals.

Implementation in process

The District has not yet made its fiscal year 2010 performance payments. During the 12-month followup, auditors will determine whether the District properly evaluates and documents the earning of performance pay.

| Recommendation | Status/Additional Explanation |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. The District should ensure that performance pay is awarded only after determining the related goals have been met. | <p>Implementation in process The District has not yet made its fiscal year 2010 performance payments. During the 12-month followup, auditors will determine whether performance payments are appropriate, based on the achievement of goals.</p> |

CHAPTER 5: Classroom dollars

No recommendations

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

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. The District should promptly provide language acquisition services to all students identified as English language learners unless the parent or guardian formally requests that such services not be provided. | <p>Implementation in process The District has hired a director of student services who will assist in improving compliance with English language learner-related requirements in fiscal year 2011. However, the District could not provide evidence that all ELLs received required language instruction in fiscal year 2010.</p> |
| 2. The District should ensure its SEI program meets all state requirements, including developing ILLPs for each individual student, providing ELL students with the required hours of ELD instruction, and ensuring that all teachers working with ELL students have the required endorsement. | <p>Implementation in process Teachers working with ELL students have the proper qualifications; however, the District could not provide evidence that ILLPs were provided to ELL students in fiscal year 2010. District officials plan to correct this deficiency in fiscal year 2011.</p> |
| 3. The District should use Compensatory Instruction monies only for authorized purposes. | <p>Implementation in process The District received compensatory instruction monies in fiscal year 2010, but because it received them late in the year was unable to use them to offer extended-day programs. The District plans to offer extended-day programs in fiscal year 2011 using these monies. Auditors will review the use of these monies during the 12-month followup.</p> |
