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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

December 21, 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 an 18-month followup of the Wickenburg Unified School District's implementation status for the 18 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in February 2010. As the enclosed grid indicates:

- 17 recommendations have been implemented, and
- 1 recommendation is in the process of being implemented.

Our Office will follow up with the District on the status of the recommendation that has not yet been fully implemented when final fiscal year 2012 accounting records are available.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Dr. Howard Carlson, Superintendent
Governing Board
Wickenburg Unified School District

WICKENBURG UNIFIED SCHOOL DISTRICT
Auditor General Performance Audit Report Issued February 2010
18-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 18 months The District has made minor cuts to its administrative staffing levels. Specifically, the District reduced the number of administrative full-time equivalent positions by two, resulting in a savings of \$49,000 in fiscal year 2011. Further, the District began contracting with an educational staffing firm for two of its administrative positions. This move could potentially save the District additional administrative costs in the future.
2. The District should continue working with the Arizona State Retirement System to determine what actions need to be taken regarding the Webb Center employees it allowed to participate in the retirement system.	Implemented at 6 months
3. The District should ensure that it provides employee benefits, including Arizona State Retirement System membership, only to qualified district employees.	Implemented at 6 months

Recommendation	Status/Additional Explanation
4. The District should implement controls to safeguard its computerized accounting system, student information system, and network. Specifically the District should:	
a) Restrict and regularly review access to the accounting, student information system, and network to ensure access is appropriate.	Implemented at 6 months
b) Secure its server room and evaluate the need for safety devices such as fire alarms and fire suppression devices.	Implemented at 6 months
c) Implement network controls, including wireless network controls, to restrict the amount of failed login attempts, and limit the amount of time of inactivity before logging a user out to prevent unauthorized access to the network.	Implemented at 6 months
d) Evaluate and implement the necessary policies for data privacy, security, and access to protect the District.	Implemented at 12 months
e) Develop and implement a disaster recovery plan to prevent data loss in the event of a disaster or other interruption, including designating a secure, offsite location for storing backup tapes.	Implemented at 18 months
5. The District should discontinue any performance pay for administrative staff unless it clearly identifies, in contracts or other written agreements, any performance pay goals and the criteria that will be used to evaluate the achievement of those goals. Further, the potential amount of related performance pay should be documented in writing and agreed to prior to the services being performed.	Implemented at 6 months
CHAPTER 2: Student transportation	
1. The District should ensure that it conducts and documents bus preventative maintenance as specified in the Minimum Standards.	Implemented at 18 months
2. The District should ensure that it conducts and documents random drug testing as specified in the Minimum Standards.	Implemented at 6 months
3. The District should ensure that it accurately reports the number of riders transported for funding purposes.	Implemented at 6 months

Recommendation	Status/Additional Explanation
4. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile and cost per rider.	Implemented at 12 months
CHAPTER 3: Plant operation and maintenance	
1. The District should continue taking steps to ensure that it has sufficient monies to continue operating Festival Foothills Elementary School. If donations are not sufficient and/or the number of students enrolled cannot generate sufficient revenues, the District should consider closing the school and busing the students to one of its other schools or explore other options for ensuring that these students have access to public education services.	Implemented at 18 months The District continues to closely monitor enrollment at Festival Foothills Elementary School and to work with the master-planned community's builder where the school is located to ensure that sufficient monies are available to support the school's operations. In fiscal year 2011, Festival Foothills Elementary served approximately 175 students, which was still far below the school's 914 student capacity. However, the builder has again amended its original agreement with the District to include providing donations through fiscal year 2014 to help meet operating shortfalls.
CHAPTER 4: Proposition 301 monies	
1. The District should ensure that the salary increases paid from Proposition 301 monies are provided only to eligible employees.	Implemented at 6 months
CHAPTER 5: Classroom dollars	
1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 6 months
2. The District should closely analyze its spending in noninstructional areas, especially administration, to determine if savings can be achieved and whether some of these monies can be redirected to the classroom.	Implementation in process As noted above, the District made minor reductions in its administrative staffing levels, resulting in a savings of \$49,000 for fiscal year 2011. However, the District has increased spending in other noninstructional areas. Preliminary analysis indicates that the District's fiscal year 2011 classroom dollar percentage has dropped by almost four percentage points since fiscal year 2008 to 51.6 percent. According to district officials, further reductions are planned for fiscal year 2012. Auditors will review the District's costs again during the final follow-up to determine if further savings are achieved.
3. The District should ensure that Extracurricular Activities Fees Tax Credit monies are spent in accordance with statute.	Implemented at 18 months