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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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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 Willcox Unified School District's implementation status for the 14 audit recommendations presented in the performance audit report released in June 2010. As the enclosed grid indicates, all 14 of the 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: Dr. Richard Rundhaug, Superintendent
Governing Board
Willcox Unified School District

WILLCOX UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued June 2010

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: Transportation program needs safety and reporting improvements	
1. The District should ensure that bus preventative maintenance is conducted and documented as specified in the State's <i>Minimum Standards for School Buses and School Bus Drivers</i> .	<p>Implementation in process</p> <p>The District recently began using its software program to track and document preventative maintenance and repairs for its bus fleet. Additionally, the District created a list of maintenance to be performed at each service. However, the District is not documenting the mileage of the buses in the system so auditors could not determine whether the District was meeting its own preventative maintenance policy.</p>
2. The District should implement a process to ensure that repair and maintenance orders are tracked through to completion and supporting documentation is retained.	<p>Implementation in process</p> <p>The District recently began using its software program to track and document preventative maintenance and repairs for its bus fleet. However, the District is still not always following a formal procedure. For example, auditors reviewed the repair history for five buses and found that the District is not ensuring that all work orders are entered into the system. Further, one of the work orders was entered after the work was done.</p>
3. The District should accurately calculate and report the data needed for state funding.	<p>Implementation in process</p> <p>The District's records support the number of miles it reported for fiscal year 2011. Additionally, the District reported a more reasonable number of riders in fiscal year 2011. However, the District did not have support for the number of riders it reported.</p>
4. The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding report.	<p>Implementation in process</p> <p>The District resubmitted transportation reports for fiscal years 2009 and 2010. However, the District has not yet made the necessary adjustments to its expenditure budget to correct the overfunding.</p>

Recommendation	Status/Additional Explanation
5. 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.	<p>Implementation in process District officials stated that they calculate and review bus capacity and routing at the beginning of the school year, but have not provided auditors with any supporting documentation. Additionally, the District has not begun calculating or monitoring any cost-based performance measures, such as cost per mile or cost per rider. District officials stated that the District plans to calculate and monitor these measures and is also working on reviewing its bus needs and developing a bus replacement schedule.</p>

FINDING 2: Inadequate controls increased risk of errors and fraud

1. The District should implement proper controls over its payroll processing to ensure adequate separation of responsibilities, and proper documentation and approval of extra-duty pay.	<p>Implementation in process District officials are now reviewing payroll reports to verify that amounts appear reasonable. However, the District still has not sufficiently separated the payroll and personnel functions since one employee is still responsible for both duties. Auditors will review extra-duty pay documentation at the next followup when more payments have been made.</p>
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2. The District should ensure it pays employees in accordance with agreed-upon contracts.	<p>Implementation in process The District hired a consultant to review its hiring procedures and to train district staff on procedures to eliminate errors in personnel pay. Auditors will review the status of this recommendation at the next followup after the District has had a chance to implement these new procedures and more employee payments can be reviewed.</p>
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3. The District should limit employees' access to only those accounting system functions needed to perform their work.	<p>Implementation in process The District has restricted the access of three of the five employees identified in the audit, but two employees still have the ability to initiate and complete transactions without an independent review and approval. Further, the District has two administrative accounts that have full access to its accounting system. These accounts should be disabled.</p>
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4. The District should implement formal written procedures to ensure that access is promptly removed when employees leave the District's employment and that any temporary accounts are disabled when no longer needed.	<p>Implementation in process The District created formal written procedures to ensure that access is removed when employees leave the District's employment. However, it does not appear that the procedures have been implemented. Auditors reviewed the District's network access listing and found that seven terminated employees still have access to the District's system. Additionally, the District still has temporary accounts that have not been disabled.</p>
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Recommendation

Status/Additional Explanation

FINDING 3: District spent Classroom Site Fund monies inappropriately

1. The District should ensure that CSF monies are used to supplement rather than supplant other monies.

Implementation in process

District officials have stated that they are making an effort to increase the District's classroom spending to meet the maintenance of effort requirement. A preliminary calculation of the District's fiscal year 2011 classroom dollars percentage indicates a slight increase in classroom spending. Auditors will review this recommendation again at the next followup to determine the impact of the District's efforts.

2. The District should ensure that site-based goals are clearly defined and promote improved performance.

Implementation in process

The District's performance pay plan requires that each school define a student achievement goal and a site goal and that each teacher create an individual goal. However, in some cases, the goals were not documented or clearly defined, and some did not promote improved performance or require additional performance outside of the teachers' regular duties.

3. The District should ensure that it retains adequate documentation to demonstrate that performance pay goals were met.

Implementation in process

The principals prepared listings of staff who met performance pay goals. However, because some of the school goals were not documented or clearly defined, auditors were unable to determine whether the goals were met and payments were appropriate.

OTHER FINDING 1: District did not accurately report its costs

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

Implementation in process

The District is working to ensure that all transactions are classified in accordance with the Uniform Chart of Accounts for school districts. However, auditors noted that most of the errors that were made in fiscal year 2009 continued to be made in fiscal year 2011. Auditors will review this recommendation again at the 18-month followup after the District has made more payments in the current year.

Recommendation

Status/Additional Explanation

OTHER FINDING 2: District did not adequately review food service vendor billings

1. The District should require detailed invoices from its vendor and review the invoices to help ensure charges are in accordance with the contract and that funding is appropriate.

Implementation in process

Since the audit year, the District has gone from a cost reimbursement contract to a cost per meal contract. The District is now reviewing vendor invoices to verify that it is being charged the correct rate per meal and that the invoice totals are accurate, but it is not requiring the vendor to provide point-of-sale reports showing the number of meals served. The District should request and review these reports to ensure that it is charged for the correct number of meals and that funding is appropriate.
