

Peach Springs Unified School District #8

403 Diamond Creek Rd, Peach Springs, AZ 86434

January 22, 2019

Ms. Lindsey Perry, Auditor General
2910 N. 44th St, Suite 410
Phoenix, Arizona 85018

Dear Ms. Perry,

The Peach Springs Unified School District respectfully submits its response to the Preliminary Performance Audit conducted for fiscal year 2017 by the Office of the Auditor General. The district would like to thank Mike Quinlan and the AG staff for their professionalism, direction, and information sharing throughout the process.

The district agrees with the performance audit findings and all but one of the recommendations and has begun to incorporate improvements to advance the efficiency and effectiveness of our operations based on the recommendations provided.

Peach Springs District is committed to improvement and creating an environment where we strive to put 'kids first.' We will continue our dedication to the students, parents, and community of the Hualapai people as we continue to implement improvements throughout all areas of the school district.

Sincerely,

Jaime Cole

PSUSD Superintendent

Finding 1: District should continue focus on instructional program

District Response: PSUSD agrees with this finding and will continue to work very closely with ADE improvement team.

Recommendation 1: The District should continue to work closely with ADE to develop, implement, monitor, and evaluate action plan steps to improve its instructional program and students' academic performance.

District Response: PSUSD agrees with this recommendation. Again, PSUSD has been working closely with ADE improvement team and has been implementing action plans involved around parent involvement, teacher development, and providing the best possible curriculum. Each year, we have adopted reading 2015, math K-8 curriculum 2016, science K-8 curriculum 2017, and we have provided much professional development for teachers including over 200 professional development services in 2017-2018 for teachers including Kagan and weekly coaching.

Recommendation 2: The District should ensure that it applies for all monies available to it through the school improvement program.

District Response: Peach Springs USD agrees with this recommendation and will seek all money available to aid in the implementation of the improvement action plan.

Recommendation 3: The District should continue to work with ADE to correct errors in reporting student test data.

District Response: The district agrees with this recommendation and has been working with ADE to correct errors in student reporting data prior to June 2015. Lack of qualified staff is still a major hurdle for the district despite our efforts to improve. There is a serious problem resulting in years of neglect in Native American communities where the best services are needed for kids.

Finding 2: District incurs costs but collects no revenues for leasing its high school to the Tribe

District Response: Peach Springs District agrees with the finding of losing funding due to non-payment of Music Mountain High School rent from the Grand Canyon Resort Corporation. We have followed all recommendations and will continue working with attorneys in our attempts to collect payment for rent that Grand Canyon Resort Corporation is refusing to pay.

Recommendation 4: The District should continue to work with its legal counsel and the Tribe to establish a current lease agreement for the Tribe's use of the District's high school and to recover prior years' unpaid lease and utility payments.

District Response: District agrees with this recommendation and has invoiced Grand Canyon Resort Corporation and attempted to collect payment for prior years rent. Additionally, the lease negotiations attempted by the district have not been responded to in a timely manner. District will continue to push for a fair rent and lease agreement.

Finding 3: District should strengthen accounting, equipment, and computer controls

District Response: The district agrees with this finding and will continue to work to increase accounting, equipment, and computer controls. We now have a system in place resulting in less audit hits from financial auditors in fiscal year 18.

Recommendation 5: The District should ensure that it requires an independent review and approval for all its purchases prior to the purchases being made.

District Response: PSUSD agrees with this recommendation and will implement measures to demonstrate that prior approval is part of the district purchasing process.

Recommendation 6: The District should ensure that payments are made in a timely manner to avoid unnecessary late fees and finance charges.

District Response: Peach Springs District agrees with this recommendation and has continued improvement and district is aware of previous missteps from before current administration taking over management of the district and during transitional phases along the way. We are committed to bringing all accounts up to date to avoid late fees.

Recommendation 7: The District should ensure that additional duties and related payments are addressed in employment contracts or personnel/payroll action forms, approved in advance of the work being performed, and maintained in employee personnel files.

District Response: The district agrees with this recommendation and has already implemented newly created PAR forms for additional duties that will be approved prior to the additional duties and will be maintained in employee personnel records.

Recommendation 8: The District should seek legal counsel to determine if it had the legal authority to pay \$25,000 in bonuses to its superintendent, and if not, to determine its ability to recover the monies.

District Response: The district disagrees with the recommendation however the district is working with district attorney to ensure compliance. What is not mentioned is that superintendent declined first year bonus to pay for school paint and each year added more roles and responsibilities to the superintendent title from superintendent, principal, business manager, facilities manager, kitchen manager ordering food and designing menus, instructional coach, behavior/discipline monitor for students K-8, testing coordinator, AZELLA testing, special education director, community representative for FTF, board/school

secretary, nurse, and many other jobs tasks resulting in 7 day workweeks and the bonus was for other duties assigned while working during breaks for three years.

Recommendation 9: The District should establish and implement additional procedures to review employee pay to help ensure that employees are paid correctly and rectify any overpayments or underpayments made to employees.

District Response: The district agrees with this recommendation and currently reviews all payroll vouchers for accuracy. This process will now be additional to overview reviews on an annual basis for pay conducted to employees as an overview and double check with pay schedule and board approved contracts.

Recommendation 10: The District should classify all expenditures in accordance with the Uniform Chart of Accounts for school districts.

District Response: PSUSD agrees with this recommendation and staff will use the USFR chart of accounts when making requisitions for review. Also, consultants will assist in reviewing our account codes for errors and corrections to be made as necessary.

Recommendation 11: The District should better secure equipment stored at its high school and consider the possibility of using some of the equipment at its elementary school.

District Response: The district agrees with this recommendation and will continue to work to improve these controls. This is directly related to a rent and lease disagreement with the Grand Canyon Resort Corporation (GCRC) which has caused the issues of this major finding in the past. This includes times where the GCRC has changed the locks on the building and also left the building unsecured during the business day while utilizing the portion of the building they have for their offices.

Recommendation 12: The District should limit employees' access in the accounting system to only those accounting system functions necessary to perform their job duties.

District Response: The district agrees with this recommendation and will work with the system administrator for our accounting software to limit access so that only 1 person will enter requisition and only 1 person will approve.

Recommendation 13: The District should improve procedures to ensure that terminated employees have their student information system access promptly removed.

District Response: Peach Spring district agrees with this recommendation. Going forward, PSUSD removes SIS access immediately following the end of year and after an employee with access resigns or quits.

Finding 4: District needs to improve food service program oversight

District Response: The district agrees with this finding and will work on improving oversight of the food program. In the past, many students (middle school) requested extra food and we did provide food based on need of kids in our community. Problems finding qualified staff and with equipment/freezer malfunctions has caused some of the problems. PSUSD wants to improve ordering and preparing the right amount of food and staying within program budgets and allocations while also helping to fill the needs of students in our community.

Recommendation 14: The District should implement food production controls, such as varying meal production based on daily student attendance or expected lunch counts submitted by classroom teachers to help reduce meal overproduction and waste.

District Response: Peach Springs district agrees with this recommendation. Kitchen staff is working to improve on being aware of student counts. There is a count that is based on daily student attendance that will be implemented as part of the daily preparation for the kitchen staff.

Recommendation 15: The District should develop and implement procedures to ensure its meals meet the NSLP's nutritional and portion-size requirements.

District Response: Peach Springs agrees with this recommendation and is working to redesign our approach to making menus and delivering the best possible nutritional value to every student at every meal.

Finding 5: District should improve controls over transportation program, if operations resume

District Response: PSUSD agrees with this finding. Although prior bus drivers walked out and many records turned up missing from lack of professionalism, the district created a system to avoid this situation in the future. It is an important priority that required documentation is maintained securely for all future bus drivers.

Recommendation 16: The District should ensure that bus driver certification requirements are met and documented; ensure that it conducts and documents bus preventative maintenance and inspections in a systematic and timely manner; and ensure it maintains documentation supporting the miles driven and riders transported for state funding purposes, if it resumes its transportation program.

District Response: PSUSD agrees with the recommendation and the need to demonstrate proper certifications. Bus driver requirements are stringent at the district and required maintenance will be documented. As these records "walked out" with previous bus drivers we will maintain these records more securely in the future. Our daily forms for miles and riders will follow these same procedures.