



STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

October 29, 2008

The Honorable John Nelson, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Nelson and Senator Blendu:

Our Office has recently completed a 24-month followup of the Arizona Department of Education—Administration and Allocation of Funds regarding the implementation status of the 4 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in August 2006 (Auditor General Report No. 06-06). As the attached grid indicates:

- 1 has been implemented;
- 1 has been partially implemented;
- 1 is in the process of being implemented; and
- 1 is not applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations from the August 2006 performance audit report.

Sincerely,

Melanie M. Chesney, Director
Performance Audit Division

MMC:Acm
Attachment

cc: Tom Horne, Superintendent of Public Instruction
Arizona Department of Education

ARIZONA DEPARTMENT OF EDUCATION ADMINISTRATION AND ALLOCATION OF FUNDS

Auditor General Report No. 06-06 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
Finding 1: ADE should implement a comprehensive system to ensure the accuracy of LEAs' attendance state-wide	
<p>1.1 ADE should implement a comprehensive system to ensure the accuracy of schools' attendance data state-wide. ADE should consider:</p> <ul style="list-style-type: none"> a. Seeking statutory revisions to require that CPA firms, as part of their financial audits of LEAs, determine the accuracy of attendance data, and work with the Office of the Auditor General to define the new requirements; and/or b. Expanding the number of attendance data audits conducted by its Audit Resolution Unit. 	<p>Not Applicable ADE has determined that it is not cost effective to use CPA firms to perform attendance data audits and has elected instead to expand the number of attendance data audits conducted by its Audit Resolution Unit.</p> <p>Implementation in Process The Legislature did not approve ADE's fiscal year 2009 budget request for 10 audit positions. ADE indicated that given the State's budget crisis it will not be requesting additional audit positions for fiscal year 2010.</p> <p>In the meantime, ADE is working to increase the number of attendance data audits it conducts by taking steps to streamline and automate its audit processes. According to ADE, in fiscal year 2008, the Audit Resolution Unit completed 6 attendance data audits, and it anticipates completing 18 audits in fiscal year 2009.</p>
<p>1.2 Once it has implemented a comprehensive system to ensure the accuracy of LEAs' attendance data state-wide, ADE should make state aid payment adjustments based on the results.</p>	<p>Partially Implemented Full completion of this recommendation is contingent on implementation of Recommendation 1.1b. However, although ADE believes it needs additional staff to implement a comprehensive system to ensure the accuracy of schools' attendance data state-wide, its audits are identifying and making recommendations for state aid payment adjustments.</p>
Finding 2: ADE's approach to identifying and administering federal grant monies generally appropriate	
<p>2.1 In carrying out its discretionary grants program, ADE should obtain and maintain additional records concerning past grant activities and use them to make better decisions about future grant applications.</p>	<p>Implemented at 12 months</p>