



## CHINLE UNIFIED SCHOOL DISTRICT NO. 24

Office of the Superintendent

June 6, 2014

Debra K. Davenport  
Arizona Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

Dear Ms. Davenport:

The Chinle Unified School District respectfully submits its response to the Performance Audit for the 2011 Fiscal Year conducted by your office. The District would like to thank the Auditor General staff and the leadership of Vicki Hansen and John Ward, for their professionalism, direction and education with regard to this audit. We agree with the audit findings and recommendations.

The Chinle Unified School District remains committed to increasing student achievement while maintaining fiscal responsibility, transparency, and effective stewardship of taxpayer funds. We appreciate the input and collaboration from the Auditor General staff in this process. Please contact us if there are any questions regarding our response.

Sincerely,

Quincy Natay  
Superintendent

**Finding 1: District had higher administrative costs and lacked adequate controls to protect it from fraud and errors.**

The District agrees with the finding. The District has implemented several recommendations and will continue with improvements.

Recommendation 1

The District should review its administrative positions and the related duties and salaries to determine how administrative costs can be reduced and make any adjustments accordingly.

The District agrees with the recommendation and has made adjustments by eliminating several positions through attrition. The District will continue to monitor positions and make necessary adjustments as determined. The District has operated with high administrative costs and the return on investment is its financial stability and compliance with the Uniform System of Financial Records. The District has achieved and obtained the Certificate of Achievement for Excellence in Financial Reporting for 15 years.

Recommendation 2

To reduce its travel costs, the District should limit the number of employees attending a given conference or seminar to the key staff members who need to attend.

The District will review its travel policy and make adjustments to decrease travel costs. The District's demographic location is a primary factor and this will be a challenging effort. Many of the professional development trainings and updates on legislation, Arizona Department of Education initiatives and training provided by the Arizona School Board Association are hosted in the Southern areas of Arizona.

Recommendation 3

The District should review the list of district vehicles that are loaned to staff to determine whether the employees need these vehicles based on their job responsibilities and make any adjustments accordingly.

The District agrees with the recommendation and will review the assignment of vehicles and make adjustments. The District is not centrally located on one main campus and provides services to 4,200 square miles daily. Operation of the District starts at 5 AM in the morning and on occasions ends at 9 PM based on the weather. The District will have to consider the safety of storing its vehicles from vandalism.

Recommendation 4

The District should implement proper controls over district-provided vehicles by adopting policies and procedures governing allowable use, requiring that employees maintain mileage logs documenting the purpose of trips and related mileage, and reviewing the logs for appropriateness.

The District agrees with the recommendations and has initiated the use of mileage logs for all vehicles. The District will train staff on proper controls and allowable use.

Recommendation 5

The District should implement proper controls over fuel usage for district-provided vehicles by requiring that employees maintain fuel logs identifying the vehicle and its odometer reading, the individual pumping fuel, and the amount and date of fuel pumped.

The District agrees with the recommendation and will review its Fleet Management System and ensure the system is used properly to record fuel usage for district-provided vehicles. The District will train staff on proper controls and how to use the Fleet Management System.

#### Recommendation 6

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

The District agrees with the recommendation and will follow the Uniform System of Financial Records - Accounting Procedures for Expenditures. The District will train staff on the process required with the Uniform System of Financial Records.

#### Recommendation 7

The District should limit employees' access to only those accounting system functions needed to perform their job responsibilities.

The District agrees with the recommendation and has reduced the number of high-level access users and continues to review who should have what levels of access. The review will include determining which employees need to have access based on job duties, federal and state requirements, and necessity of redundancy for workflow and emergency response purposes.

#### Recommendation 8

The District should implement stronger password requirements related to password length, complexity, and expiration.

The District agrees with the recommendation and now requires alpha numeric passwords. In addition, password changes will be required on regular intervals and password length will be considered.

#### Recommendation 9

The District should develop and implement a formal process to ensure that terminated employees have their IT systems and network access promptly removed and that any generic accounts are disabled.

The District agrees with this recommendation and has implemented procedures for immediate removal of all user access upon notification that employees are terminated.

### **Finding 2: District spent more on plant operations primarily for excess building space.**

The District agrees with the finding. The District has implemented the recommendations and will continue with improvements.

#### Recommendation 1

The District should review the use of space at each of its schools and reduce excess building space or close a school.

The District agrees with this recommendation and will review its square footage reported on the School Facilities Board website and update figures. The District plans to eliminate an estimated 90,000 square feet of buildings removed or demolished. There are many factors beyond the District's control, including open enrollment (including students transferring to and from the locally operated Bureau of Indian Education Schools and Tribally controlled schools) and job opportunities on and off the

reservation that contribute to schools being operated at less than capacity. It is important to note that the uniqueness of our community requires space not common among our peers as we are the hub for extracurricular opportunities for our students. The District will not close any schools notwithstanding, we will continue to review excess building space and make adjustments where practical.

#### Recommendation 2

The District should continue to evaluate its rental rates and, if the District continues to subsidize its employee housing, determine the costs and benefits of doing so.

The District agrees with this recommendation and has adopted a new rental rate schedule. The District will continue to review its rental rates and determine the cost and benefits of attracting highly qualified staff.

#### **Finding 3: District did not meet bus driver certification and bus preventative maintenance requirements.**

The District agrees with the finding. The District has implemented the recommendations and will continue with improvements.

#### Recommendation 1

The District should implement procedures to ensure that bus driver certification requirements are met and documented in accordance with the State's Minimum Standards.

The District agrees with this recommendation and will implement a monitoring procedure to ensure all bus drivers meet requirements of the State's Minimum Standards.

#### Recommendation 2

The District should ensure that bus preventive maintenance is conducted in a systematic and timely manner in accordance with district policy and the State's Minimum Standards.

The District agrees with this recommendation and will review its processes to ensure it's utilizing its fleet management systems for proper maintenance. Busses will be grounded until they comply with the Minimum Standards.

#### **Other Findings: District did not follow all requirements for its English Language Learner Program.**

The District agrees with the finding and will continue with the recommendation.

#### Recommendation

The District should ensure that it corrects all deficiencies in its English Language Learner Program that are noted in its corrective action plan.

The District agrees with this recommendation and will continue work with the Office of Language Acquisition Services to ensure program requirements are in compliance with ADE guidelines.