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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

December 18, 2012

The Honorable Carl Seel, Chair
Joint Legislative Audit Committee

The Honorable Rick Murphy, Vice Chair
Joint Legislative Audit Committee

Dear Representative Seel and Senator Murphy:

Our Office has recently completed the third followup of the Creighton Elementary School District's implementation status for the 23 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in July 2010. As the enclosed grid indicates:

- 21 recommendations have been implemented, and
- 2 recommendations are in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the District's efforts to implement the recommendations resulting from the July 2010 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Dr. Charlotte Boyle, Superintendent
Governing Board
Creighton Elementary School District

CREIGHTON ELEMENTARY SCHOOL DISTRICT
Auditor General Performance Audit Report Issued July 2010
Third 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 6 months The District reviewed administrative staffing and has reduced approximately 6 positions, including an assistant superintendent, an assistant principal, a director, and 3 support positions, resulting in district-estimated savings of approximately \$500,000 annually.
2. The District should determine whether and to what extent using public monies for purchasing meals and bottled water for staff not in travel status serves a public purpose and has educational value.	Implemented at 6 months According to district officials, the District has significantly reduced the amount of food and water provided to staff not on travel status. Auditor review of fiscal year 2011 expenditures as of January 14, 2011, found no purchases of bottled water or food for staff not on travel status, saving the District over \$100,000 per year.
3. The District should document salary changes by preparing contract addendums or payroll action forms. Also, it should seek the advice of counsel to determine the legality of the one-time pay increase in 2008 and whether any repayments are required.	Implemented at 12 months
4. The District should limit access to the accounting and payroll systems to the minimum necessary for employees to complete their job duties.	Implemented at 18 months

Recommendation	Status/Additional Explanation
5. To protect student information, accounting data, and the District's computer servers, the District should:	
a. Require employees to regularly change their computer passwords;	Implemented at 6 months
b. Monitor access to the accounting system for appropriate access periodically and remove access immediately when employees leave employment with the District;	Implemented at 12 months
c. Ensure server rooms are adequately air conditioned, if possible, and equipped with fire-suppression equipment;	Implemented at 12 months
d. Store backup tapes offsite in a secure location; and	Implemented at 6 months
e. Ensure its disaster recovery plan specifies appropriate employees, their contact information, and responsibilities in case of an emergency. Copies of the plan should be stored offsite.	Implemented at 6 months

CHAPTER 2: Student transportation

1. To improve the efficiency of its student transportation program, the District should:	
a. Evaluate its office and bus aide staffing levels to determine if the number of staff can be reduced;	Implemented at 6 months The District reduced its transportation office staffing and bus aides by 5.5 full-time equivalent positions, resulting in district-estimated savings of approximately \$166,000 annually.
b. Review bus driver staffing levels and scheduling to reduce the amount of overtime paid;	Implemented at 6 months The District changed how it assigns bus routes to drivers, resulting in district-estimated savings of approximately \$75,000 annually.
c. Establish better controls over the fuel inventory; and	Implemented at 12 months
d. Develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity usage.	Implemented at 12 months

Recommendation	Status/Additional Explanation
2. To ensure the safety of students and compliance with <i>Minimum Standards</i> , the District should:	
a. Ensure that only buses are allowed in the bus loading/unloading areas and direct parents to the parent drop-off areas;	Implemented at 6 months
b. Ensure that bus drivers are exhibiting the proper procedures when backing up;	Implemented at 6 months
c. Ensure that school employees help load/unload students; and	Implemented at 18 months
d. Monitor the use of cross-walks.	Implemented at 6 months
3. The District should ensure that bus preventative maintenance is conducted and documented as specified in <i>Minimum Standards</i> .	Implemented at 18 months

CHAPTER 3: Plant operation and maintenance

1. If student enrollment continues to decline and the District's building capacity usage drops below 75 percent, the District should consider ways to reduce its excess building capacity and the related costs.	<p>Implementation in process</p> <p>In January 2012, the District completed reconstruction of one of its nine schools and it plans to rebuild an additional six schools, reducing each school's capacity in the process. However, this plan is on hold until the District can obtain additional bond monies or other monies to continue with its construction schedule. Since fiscal year 2008, the audited fiscal year, the District's average building capacity usage has dropped from 80 percent to 68 percent. Therefore, the District should consider whether different, or additional, measures may be needed to reduce its large, and increasing, amount of excess square footage.</p>
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CHAPTER 4: Proposition 301 monies

1. The District should ensure that all eligible employees and only eligible employees receive Proposition 301 monies.	Implemented at 18 months
2. The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with the District's plan.	Implemented at 12 months

Recommendation

Status/Additional Explanation

CHAPTER 5: Classroom dollars

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

Implemented at 24 months

2. The District should closely analyze its spending in nonclassroom operational areas, such as administration and transportation, to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.

Implementation in process

From fiscal year 2011 to fiscal year 2012, the District has made some progress in reducing its nonclassroom spending. Specifically, the District reduced its administrative spending by \$60 per pupil and its transportation spending by \$24 per pupil. However, the District also reduced its classroom spending by an even greater \$275 per pupil during this time. As a result, since fiscal year 2008, the audited year, the District's classroom dollar percentage has dropped by 1.6 percentage points to 50.3 percent. Therefore, the District should continue to analyze its spending in noninstructional areas to determine if further savings can be achieved and monies redirected to the classroom.