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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

July 12, 2006

The Honorable Laura Knaperek, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

My Office has recently completed an 18-month followup of the Dysart Unified School District's implementation status for the 19 audit recommendations presented in the performance audit report released in November 2004. As the attached grid indicates, the District has implemented 18 recommendations and has chosen not to implement 1 recommendation.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the District's efforts to implement the recommendations resulting from the November 2004 performance audit.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

cc: Governing Board
Dr. Mark Maksimowicz, Superintendent
Dysart Unified School District

DYSART UNIFIED SCHOOL DISTRICT
18-Month Follow-Up Report To
Performance Audit Report Issued November 2004

CHAPTER 1: Administration

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|--|--|--|
| 1. The District should evaluate its administrative structure to determine whether all of its mid-level administrative positions are necessary. | Implemented at 6 months | |
| 2. The District should improve its controls over the processing and safeguarding of cash and cash equivalents. | Implemented at 6 months | |
| 3. The District should implement proper access controls over its accounting system. | Not Implemented | The District has made some improvements to the security of its accounting system; however, there are still multiple employees with full access. District officials have decided to assume the risks associated with these employees having unrestricted access to the accounting system. |
| 4. The District should thoroughly evaluate its user needs and minimum requirements prior to making major purchases, such as the purchase of new information systems. It should also ensure that all purchases are made in compliance with the school district procurement rules. | Implemented at 6 months | |

DYSART UNIFIED SCHOOL DISTRICT
18-Month Follow-Up Report To
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CHAPTER 1: Administration (concl'd)

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|---|--|---|
| 5. The District should maintain copies of all vendor contracts and monitor whether the contract terms are being met. Further, the District should monitor operational benchmarks, such as costs per output and needed service levels. | Implemented at 18 months | |
| 6. The District should ensure that authorized benefits are paid in accordance with contract terms. | Implemented at 12 months | |

CHAPTER 2: Food Service

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|--|--|---|
| 1. The District should monitor the vendor's operations by reviewing the number of meals served, daily sales, labor costs, and food purchases. The District should also establish and monitor operational benchmarks, such as labor cost per meal, food cost per meal, and student participation rates. | Implemented at 12 months | |

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CHAPTER 2: Food Service (concl'd)

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|---|--|---|
| 2. The District should conduct a cost-benefit analysis to determine whether to operate or contract the food service program. | Implemented at 6 months | |
| 3. If the District determines that outsourcing the program is beneficial, it should have a guaranteed profit or break-even clause added to the contract, or rebid the contract to obtain such a clause. | Implemented at 6 months | |

CHAPTER 3: Student Transportation

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|---|--|---|
| 1. The District should add an addendum to the current contract to define what is included in the standard route rate, and explicitly state what driver time is allowable for billing purposes. Further, the District should limit the amount it pays for driver time that is not spent driving. | Implemented at 18 months | |

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CHAPTER 3: Student Transportation (concl'd)

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|--|--|---|
| 2. The District should pursue actions to recover overpayments made to the vendor. | Implemented at 12 months | |
| 3. The District should continue reviewing vendor invoices to ensure that amounts billed are in accordance with contract terms and are accurate. | Implemented at 12 months | |
| 4. The District should periodically review driver files to ensure all driver requirements are met and in accordance with <i>DPS Minimum Standards</i> . | Implemented at 6 months | |
| 5. To aid in evaluating the efficiency of its transportation program, the District should establish and monitor benchmarks such as cost per mile and cost per rider. | Implemented at 6 months | |

CHAPTER 4: Plant Operation and Maintenance—No Recommendations

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CHAPTER 5: Proposition 301 Monies

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|--|--|---|
| 1. The District should ensure that adequate accounting records are maintained to demonstrate that Proposition 301 monies are spent in accordance with statute and the District's plan. | Implemented at 6 months | |
| 2. The District should not change any particular year's performance pay goal after the start of that year. | Implemented at 6 months | |
| 3. The District should establish meaningful performance measures by setting an expected level of student achievement that promotes sustained or improved performance. | Implemented at 12 months | |

CHAPTER 6: Classroom Dollars

| Recommendation | Status of Implementing Recommendation | Explanation for Recommendations That Have Not Been Implemented |
|---|--|---|
| 1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts. | Implemented at 6 months | |
| 2. The District should closely analyze its spending in noninstructional areas to determine whether some of those monies can be redirected to the classroom. | Implemented at 6 months | |