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**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

September 22, 2010

The Honorable Judy Burges, Chair  
Joint Legislative Audit Committee

The Honorable Thayer Verschoor, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Burges and Senator Verschoor:

Our Office has recently completed a 24-month followup of the Flagstaff Unified School District's implementation status for the 18 audit recommendations presented in the performance audit report released in August 2008. As the attached grid indicates:

- 16 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 August 2008 performance audit.

Sincerely,

Ross Ehrick, CPA  
Director, Division of School Audits

RE:bl  
Enclosure

cc: Ms. Barbara Hickman, Superintendent  
Governing Board  
Flagstaff Unified School District

# FLAGSTAFF UNIFIED SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued August 2008

### 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>CHAPTER 1: Administration</b>	
1. The District should review its administrative positions and the related duties and salaries to determine how administrative costs can be reduced.	<b>Implemented at 24 months</b>
2. The District should discontinue paying charter school employees and recover monies spent for the charter school. Additionally, the District should ensure that it charges an appropriate amount for the use of its facilities.	<b>Implemented at 18 months</b>
3. The District should seek legal counsel to determine the legality of its contract with the charter school.	<b>Implemented at 6 months</b>
4. The District should review its contracts with other entities, such as the charter school, transportation district, and county accommodation school district, and ensure that they are not financially detrimental to the District. In addition, the District should ensure it has current contracts in place for all applicable transactions.	<b>Implemented at 6 months</b>
5. The District should establish proper controls over its fuel cards. Such controls would include establishing written policies and procedures governing the cards' use, requiring user agreements signed by each cardholder, monitoring card usage, and reconciling fuel receipts to billing statements.	<b>Implemented at 18 months</b>
6. The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without an independent supervisory review and approval.	<b>Implemented at 12 months</b>
<b>CHAPTER 2: Student transportation</b>	
1. The District should maintain adequate documentation of its riders and miles, and accurately calculate the data needed for state funding.	<b>Implemented at 18 months</b>

Recommendation	Status/Additional Explanation
2. To aid in evaluating the costs and efficiency of its transportation program, the District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.	<p><b>Implementation in process</b> The District is tracking costs for some, but not all, of its routes. The District plans to add this analysis for all routes and to calculate and monitor bus capacity usage later this year.</p>
3. The District should implement proper fleet management practices, such as establishing a bus retirement schedule and ensuring that it is adequately overseeing the use of its bus fleet.	<b>Implemented at 18 months</b>

### CHAPTER 3: Plant operation and maintenance

1. To ensure that its buildings are properly maintained, the District should develop and implement a preventative maintenance program, including a process to ensure that maintenance orders are tracked to completion.	<b>Implemented at 18 months</b>
2. The District should review its individual schools' square footage usage and determine ways to reduce identified excess space.	<p><b>Implemented at 24 months</b> The District reviewed its square footage and use of space and made the decision to close four schools for fiscal year 2011.</p>

### CHAPTER 4: Proposition 301 monies

1. The District's Proposition 301 plan should specify which positions are eligible for the monies and the amount of performance pay each eligible employee can earn if performance criteria are met.	<b>Implemented at 6 months</b>
2. The District should ensure that it pays eligible employees' base, performance, and menu options pay in accordance with statute and its Governing Board approved plan.	<b>Implemented at 12 months</b>
3. The District should seek legal counsel regarding the legality of the year-end payout of remaining performance pay monies and whether any repayments are required.	<b>Implemented at 6 months</b>

### CHAPTER 5: Classroom dollars

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p><b>Implementation in process</b> The District is working to ensure that all expenditures are classified in accordance with the Uniform Chart of Accounts for school districts. However, the District is still not always classifying its expenditures accurately.</p>
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<b>Recommendation</b>	<b>Status/Additional Explanation</b>
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2. The District should review its noninstructional spending to determine if savings can be achieved and some of these monies can be redirected to the classroom.	<b>Implemented at 24 months</b>
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**CHAPTER 6: Desegregation monies – no recommendations**

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**CHAPTER 7: English Language Learner programs, costs, and funding**

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1. The District should begin separately accounting for the incremental portion of ELL costs and retain documentation supporting how those amounts are determined.	<b>Implemented at 18 months</b>
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2. The District should begin expanding its English language development instruction to align with the models adopted by the ELL Task Force in September 2007.	<b>Implemented at 6 months</b>
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