



Flagstaff Unified School District

3285 E. Sparrow Ave. Flagstaff, Arizona 86004

August 5, 2008

Debra K. Davenport
Arizona Auditor General
2910 N. 44th Street
Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

Enclosed please find responses from the Flagstaff Unified School District No. 1 related to the Performance Audit recommendations. I appreciate the professionalism and positive manner shown by your staff members who have been involved in the audit process.

We appreciate the information provided our district through this audit as we continue to provide our community with quality educational services using the resources provided by Arizona's taxpayers.

Sincerely,

Kevin J. Brown
Superintendent of Schools

OFFICE OF THE AUDITOR GENERAL PERFORMANCE AUDIT

Chapter 1 Administration

Recommendations

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

The district agrees with this recommendation. It appears that FUSD principal, assistant principal and secretarial costs are higher than the comparison districts. It also appears that some school level technology positions were non-instructional in duties. Analysis by FUSD shows that FUSD salary schedules for principals, assistant principals and secretaries are average with comparison districts, however, longevity of FUSD staff in these positions contributes to cost differences. As longtime employees in these positions retire and new staff are hired, costs will be reduced. Another contributing factor is that the number of high schools in FUSD is greater than comparison districts, a factor that is supported by the Flagstaff community. School-based technology positions will be reviewed and changed to instructional positions as appropriate.

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.

The district agrees with this recommendation. The district no longer pays for charter school employees and has been reimbursed monies spent for charter school employees. The district no longer rents space to a charter school. The district will send a letter and bill to the charter school requesting payment of a \$1,000 stipend originally paid by FUSD and never repaid by the charter school.

3. The District should seek legal counsel to determine the legality of its contract with the charter school.

The district agrees with this recommendation. The district's legal counsel has rendered a decision related to the contract with the charter school. However, the FUSD Governing Board has since severed its relationship and contract with the charter school.

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.

The district agrees with this recommendation. The FUSD Governing Board has voted to sever its relationship and contract with the charter school. Charter school employees are working to amend the charter to complete the separation. The district is working with the Coconino County Superintendent of Schools to change the boundaries of the transportation district from inside FUSD, some 50 miles distant, to be included in the boundaries of Winslow Unified School

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1 RESPONSE

District that is about 15 miles away. The contract with the accommodation school district is and will remain current and ensure that responsibilities are clear.

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.

The district agrees with this recommendation. The district has recalled all fuel cards. The Finance Office now has a fuel card use process in place which includes proper issuance of all fuel cards, proper documentation being collected by users and then turned into the Finance Office. The finance office will create a written user agreement that will be signed by the user. The user agreement will ensure each user is informed of all responsibilities for use of the fuel card (receipts, mileage log, timely return of fuel card, etc.). All reconciliation and billing statements are reviewed for accuracy prior to approval for payment by the Director of Finance.

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.

The district agrees with this recommendation. The accounting system administrator has updated administrative rights of individuals so that individual employees do not have the ability to initiate and complete a transaction without an independent supervisory review and approval.

Chapter 2 Student Transportation

Recommendations

1. The District should maintain adequate documentation of its riders and miles, and accurately calculate the data needed for state funding.

The district agrees with this recommendation. The district has implemented new record keeping processes to ensure proper number of riders and mileage data is maintained to accurately calculate the data needed for state funding. The record keeping includes weekly logs of student riders and mileage documentation. New buses purchased are equipped with "black boxes" that record mileage and other data.

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.

The district agrees with this recommendation. The district has developed performance measures as suggested.

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.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1 RESPONSE

The District agrees with this recommendation. The District began a replacement cycle during the 2007-08 school year by purchasing 12 new buses. Over the next two years the district plans to purchase approximately 28 more new buses. With these new purchases the district is able to replace a number of units that were around 20 years old. The district held older buses in its possession at the time of the audit to harvest parts for its aging fleet. As replacement buses are obtained the older buses used for parts will be disposed of in a timely fashion. The district now can build a bus retirement/replacement schedule using soft capitol, which has minimum number of buses replaced each year. The district will maximize the capabilities of new routing software to ensure that the district maintains an adequate number of buses in its fleet, not more than required for normal routes and out of tow trips.

Chapter 3 Plant Operation and Maintenance

Recommendations

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.

The district agrees with this recommendation. FUSD has implemented a process to track work orders in a more efficient manner. This process includes the logging of new work orders and documents completion of the work. The maintenance crew has started to cross train with contractors that are working on district facilities including HVAC units, building roofs and drainage areas. This will allow the district to build a more comprehensive PM program through maximizing the knowledge of our district employees. FUSD does have and has implemented a preventative maintenance (PM) program that includes checklists of routine tasks. Full implementation of PM is hampered by lack of building renewal funds.

2. The District should review its individual schools' square footage usage and determine ways to reduce identified excess space.

The district agrees with this recommendation; that it is important to review its individual schools' square footage and determine if there are ways to reduce identified excess space, if any. The district has reviewed its individual schools' square footage and determined that each school building is required. As of last year the district contracted with Heery International to complete a study of the use of the schools and square footage within the district. Though the study indicates each school building is required FUSD acknowledges that not every school is up to full capacity at this time. A birth cohort study completed within the last year indicates an increase in school aged students in FUSD over the next five to ten years. Thus, FUSD anticipates capacities to be reached and possibly the need for additional space within the next decade. This study, along with other data, is being considered by a facility re-organization committee. The re-organization committee is looking at how the classrooms and schools are currently being used and how we can change school configurations to better use the square footage available. Recently, two portable buildings that were in a state of disrepair were removed from service and students moved into a permanent building.

Chapter 4 Proposition 301 Monies

Recommendations

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.

The district agrees with this recommendation. FUSD has maintained a belief that Classroom Site Fund dollars should be distributed each year to teachers as intended by the voters. FUSD will list those positions eligible for Classroom Site fund dollars within the plan. The amount of performance pay dollars will be based on the estimate provided by the State and noted in the plan. The plan clearly specifies the duties and tasks required by teachers to earn the performance pay dollars.

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.

The district agrees with this recommendation. FUSD developed an appropriate plan in accordance with state statute during that was Board approved for the FY07 year and beyond.

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.

The district agrees with this recommendation. District legal counsel has rendered an opinion regarding the manner in which performance pay dollars were paid out in FY06. It appears that four employees should not have received the year end performance pay dollars and requires repayment. None of the four employees are still employed by FUSD but the district will pursue repayment from these former employees.

Chapter 5 Classroom Dollars

Recommendations

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

The district agrees with this recommendation. Finance office staff has implemented processes to review expenditures and codes to ensure that all transactions are in accordance with the Uniform Chart of Accounts for school districts. Cross training has been on-going in the Business Office so that employee knowledge is enhanced to insure this work is done in accordance to the Uniform Chart of Accounts.

2. The District should review its non-instructional spending to determine if savings can be achieved and some of these monies can be redirected to the classroom.

The district agrees with this recommendation. FUSD will maximize training within the support staff to consolidate jobs and gain efficiencies. This process will allow saved funds to be put back in the classroom. FUSD will remain vigilant in the account coding process to ensure that expenditures and positions are coded properly so that instructional dollar expenditures are more accurately reported.

Chapter 6 Desegregation Monies

No Recommendations

Chapter 7 English Language Learner Programs, Costs, and Funding

Recommendations

1. The District should begin separately accounting for the incremental portion of ELL costs and retain documentation supporting how these amounts are determined.

The District agrees with this recommendation. The Finance office has set up the appropriate account codes to ensure proper reporting of incremental costs.

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.

The district agrees with this recommendation. FUSD is implementing in FY09 the models adopted by the ELL Task Force. FUSD was fortunate to receive additional FY09 funding from the Arizona Department of Education to implement the ELL Task Force recommendations.