

DEBRA K. DAVENPORT, CPA AUDITOR GENERAL STATE OF ARIZONA OFFICE OF THE AUDITOR GENERAL

MELANIE M. CHESNEY DEPUTY AUDITOR GENERAL

July 10, 2013

The Honorable Chester Crandell, Chair Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair Joint Legislative Audit Committee

Dear Senator Crandell and Representative Allen:

Our Office has recently completed a 24-month followup of the Gila Bend Unified School District's implementation status for the 16 audit recommendations presented in the performance audit report released in August 2011. As the enclosed grid indicates:

- 14 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 2011 performance audit.

Sincerely,

Ross Ehrick, CPA Director, Division of School Audits

RE:bl Enclosure

cc: Ms. Lynnette Michalski, Superintendent Governing Board Gila Bend Unified School District

GILA BEND UNIFIED SCHOOL DISTRICT Auditor General Performance Audit Report Issued August 2011 24-Month Follow-Up Report

Recommendation

Status/Additional Explanation

FINDING 1: District is working to address high plant operations costs

 The District should continue its efforts to find funding for facility upgrades to reduce its energy usage and lower its costs.

Implemented at 24 months

Over the past few years, the District has attempted unsuccessfully to find funding for facility upgrades. Specifically, voters did not approve the District's requests for bond monies in 2009 and 2010. Further, in fiscal year 2011, the District applied for but did not receive federal grant monies for upgrades. District officials stated they continue to lack funding for facility upgrades and this situation is not likely to change in the foreseeable future.

FINDING 2: Questionable savings in District's solar power contract

- 1. To determine the actual cost savings from using solar power, monthly and annually, the District should calculate and compare its total electricity costs, including the costs of solar power and other electricity purchased from its regular provider, to what its electricity costs would have been had the District continued purchasing all of its electricity from its regular provider.
- 2. If the District finds it is paying more for electricity through its solar power contract than it would have through its regular electricity provider, the District, in consultation with its legal counsel, should ensure that the operational cost savings as described in A.R.S. §15-213.01 are accurately applied to the contract and that the solar vendor makes reimbursements of any savings shortfall, as appropriate. Further, any contract modifications to further reduce losses should also be considered.

Implemented at 24 months

The District's solar power vendor conducted an energy audit of calendar year 2012 and found that the District spent more on electricity during 2012 because of its solar power agreement than it would have if it had used only electricity from its regular provider. As a result, the solar power vendor refunded \$47,094 to the District. This is in addition to the \$52,094 the vendor refunded to the District in 2011.

Implemented at 12 months

Recommendation

3. Since the District loses money on every excess solar kilowatt hour accumulated at year-end, the District should work with its solar power system vendor to either decrease the size of the system, increase the number of meters to which the system is connected, or find some other means to ensure that the system produces no more than 100 percent of the District's electricity needs.

Status/Additional Explanation

Implementation in process

The District is waiting until its vendor conducts the required calendar year 2013 energy audit of the District's electricity costs and usage before considering whether changes are necessary to the solar power system's size. When the solar power system was first implemented, the District operated using a 4-day school week. However, since August 2012, the District the District has been operating using a 5-day school week. The 2013 energy audit will show whether usage has increased with the 5-day school week, eliminating the need to decrease the solar power system's size.

FINDING 3: Inadequate computer controls increases risk of errors and fraud

1.	The District should limit employees' access to only those accounting system functions needed to perform their work.	Implemented at 12 months
2.	The District should implement stronger password controls, requiring its employees to create more secure passwords and to periodically change those passwords.	Implemented at 12 months
3.	The District should establish and implement policies and procedures to remove accounts when a user is no longer employed by the District.	Implemented at 12 months
4.	The District should create a formal process for disabling unused network connection outlets on district walls.	Implemented at 12 months
5.	The District should establish written agreements with its IT service providers that outline each party's responsibilities for the District's accounting and student information systems.	Implementation in process The District is in the process of obtaining an agreement with Maricopa County for hosting its accounting system that will become effective in July 2013.
6.	The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies. Additionally, backup tapes should be stored in a secure offsite location.	Implemented at 12 months

Recommendation

Status/Additional Explanation

FINDING 4: District error and State's funding formula resulted in \$98,000 transportation program overfunding

1.	The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding report.	Implemented at 24 months The District has contacted the Arizona Department of Education (ADE) regarding needed corrections to its transportation funding report. ADE officials report that they are working to make the corrections.
2.	The District should ensure that it properly reports route mileage for state transportation funding purposes.	Implemented at 12 months
3.	The Legislature should consider modifying the transportation funding formula to limit the impact from one-time increases in reported mileage and prior reporting errors.	Implemented at 24 months Although no bill was ultimately introduced, a legislative work group studied and reviewed the student transportation funding formula.

FINDING 5: Better oversight of Classroom Site Fund monies needed

1.	The District should ensure that Proposition 301 monies are used to supplement rather than supplant other monies spent on classroom instruction. The District should reimburse the Classroom Site Fund for monies supplanted in fiscal year 2009 and any monies supplanted in subsequent years.	Implemented at 12 months
2.	The District should review its performance pay plan goals and ensure that all goals promote improved teacher performance and are not activities that are a normal part of teachers' jobs.	Implemented at 12 months

OTHER FINDINGS: District did not accurately report its costs

1.	The District should classify all transactions in	Implemented at 12 months
	accordance with the Uniform Chart of Accounts for school districts.	