



July 19, 2011

Debra Davenport  
Office of the Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

RE: Response to Gila Bend Unified School District #24 2009 Performance Audit

Dear Ms. Davenport:

Gila Bend Unified School District #24 respectfully submits its response to the performance audit conducted by the Auditor General for fiscal year 2009. On the following pages, the District has responded to each recommendation in the report, stating whether or not we agree or disagree with the finding, as well as providing a response to how the District plans to move forward.

Gila Bend Unified School District would like to thank the Auditor General's staff that was assigned to our District with regard to their courtesy and professionalism exhibited during the audit. The individuals were sensitive to and accommodated the District's need for additional time for completion of this audit response.

Sincerely,

Lynnette Michalski  
Superintendent

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

#### **Recommendation:**

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

The District agrees with the recommendation and the Superintendent will work with the Governing Board to continue efforts to find funding for facility upgrades to reduce energy usage and lower costs.

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

#### **Recommendations:**

- 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 to purchasing all of its electricity from its regular provider.**

The District agrees with this finding. The District, in accordance with ARS §15.213.01, will perform an annual performance audit which will coincide with the annual net metering agreement with APS. The current demand and transmission charges are based on the 12 months energy use prior to the system installation. APS will reset demand charges in February 2012 to reflect system installation. It is not known at this time if demand charges will increase or decrease.

- 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.**

The District agrees with this finding. The District, in consultation with its legal counsel, will 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.

- 3. Since the District loses money on every excess solar kilowatt hour accumulated at year-end, the, the District should work with its solar power system vendor to either decrease the size of the system or 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.**

The District agrees with this finding. The District is returning to a five day school week in fiscal year 2012 which will result in increased electricity consumption of approximately 20 percent. According to the solar system vendor, the solar system was designed to meet less than 100% of the District's needs, based on 2007/2008 actual usage. The vendor also prepared a five year analysis of the District's electricity usage and noted there were significant variations from one year to the next.

### **FINDING 3: Inadequate computer controls increase risk of errors and fraud**

#### **Recommendations:**

- 1. The District should limit employees' access to only those accounting system functions needed to perform their work.**

The District agrees with this finding and will review employee access to accounting system functions and limit access to only those functions needed to perform their work.

2. **The District should implement stronger password controls, requiring its employees to create more secure passwords and to periodically change those passwords.**  
The District agrees with this finding. The District will work with the IT Director to write and implement procedures for a stronger and more secure password process.
3. **The District should establish and implement policies and procedures to remove accounts when a user is no longer employed by the District.**  
The District agrees with this finding. The District will work with the IT Director to write and implement procedures to remove accounts when a User is no longer employed by the District.
4. **The District should establish a formal process for disabling unused network connection outlets on district walls.**  
The District agrees with this recommendation. Currently a username and password is required to access the network. The District will work with the IT Director to require a username and password to access the internet.
5. **The District should establish written agreements with its IT service providers to outline each party's responsibilities for the District's accounting and student information systems.**  
The District agrees with this recommendation and a written agreement will be established with Maricopa County Educational Service Agency (MCESA). The District has begun discussions with MCESA to establish a written agreement. The IT Director will work with the student information system vendor to establish a written agreement outlining each party's responsibilities.
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.**  
The District agrees with this recommendation, the IT Director will create a formal disaster recovery plan and test it periodically. The IT Director will contact vendors that provide a secure offsite location to store backup tapes and contract for those services.

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

**Recommendations:**

1. **The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding report.**  
The District agrees with this recommendation and will contact the Arizona Department of Education regarding corrections to transportation funding reports.
2. **The District should ensure that it properly reports route mileage for state transportation funding purposes.**  
The District agrees with this recommendation. The Business Manager has created spreadsheets to ensure that route mileage for state transportation funding purposes is recorded properly.
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.**  
The District believes this is a legislative recommendation.

**FINDING 5: Better oversight of Classroom Site Fund monies needed**

**Recommendations:**

- 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.**

The District agrees with this recommendation and will ensure Proposition 301 monies are used to supplement rather than supplant other monies spent on classroom instruction. The District will reimburse the Classroom Site Fund for monies supplanted in fiscal year 2009 and any monies supplanted in subsequent years.

- 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.**

The District agrees with this recommendation. The District will work with the 301 Committee to ensure performance pay plan goals promote improved teacher performance and are not activities that are a normal part of teacher's jobs.

**Other Findings**

**The District did not accurately report its costs.**

The District agrees with this finding and will strive to ensure future transactions are coded in accordance with the Uniform Chart of Accounts.