



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Division of School Audits

---

Performance Audit

# Gilbert Unified School District

---

DECEMBER • 2008



**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.

## The Joint Legislative Audit Committee

---

Representative **John Nelson**, Chair

Senator **Robert Blendu**, Vice Chair

Representative **Tom Boone**

Senator **Carolyn Allen**

Representative **Jack Brown**

Senator **Pamela Gorman**

Representative **Pete Rios**

Senator **Richard Miranda**

Representative **Steve Yarbrough**

Senator **Rebecca Rios**

Representative **Jim Weiers** (*ex-officio*)

Senator **Tim Bee** (*ex-officio*)

## Audit Staff

---

**Ross Ehrick**, Director

**Ann Orrico**, Manager and Contact Person

**Briton Baxter**, Team Leader

**Stephanie Smith**

**Amanda Brehmer**

**Jennie Snedecor**

Copies of the Auditor General's reports are free.

You may request them by contacting us at:

### **Office of the Auditor General**

**2910 N. 44th Street, Suite 410 • Phoenix, AZ 85018 • (602) 553-0333**

Additionally, many of our reports can be found in electronic format at:

**[www.azauditor.gov](http://www.azauditor.gov)**



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

**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

December 18, 2008

Members of the Arizona Legislature

The Honorable Janet Napolitano, Governor

Governing Board  
Gilbert Unified School District

Dr. Dave Allison, Superintendent  
Gilbert Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Gilbert Unified School District*, conducted pursuant to A.R.S. §41-1279.03. I am also transmitting with this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with all of the findings and recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on December 19, 2008.

Sincerely,

Debbie Davenport  
Auditor General

DD:rml  
Enclosure

# SUMMARY

---

The Office of the Auditor General has conducted a performance audit of the Gilbert Unified School District pursuant to A.R.S. §41-1279.03(A)(9). This performance audit examines six aspects of the District's operations: administration, student transportation, plant operation and maintenance, expenditures of sales taxes received under Proposition 301, the accuracy of district records used to calculate the percentage of dollars spent in the classroom, and the District's English Language Learner programs.

## Administration (see pages 5 through 7)

Gilbert Unified School District's fiscal year 2007 administrative costs were lower than the comparable districts' and state averages. The District spent 7.5 percent of its available operating dollars on administration, lower than the comparison districts' average of 8.1 percent and the state average of 9.5 percent. The District's administrative costs were lower primarily because it employed significantly fewer assistant principals than the comparable districts did. While the District has low administrative costs, it should improve the security of its computerized accounting system by requiring users to periodically change their passwords.

## Student transportation (see pages 9 through 13)

The District spent slightly more per mile and a larger percentage of its available operating dollars on transportation than comparable districts. As a result, the District subsidized its transportation program with \$2 million that potentially could otherwise have been spent in the classroom. Several factors contributed to the District's high per-mile transportation costs, including the District's inefficient bus routes and high costs related to contracted transportation services. The District also failed to review its transportation vendor invoices and contracts to ensure that it was being billed correctly. Auditors' review of one vendor's invoices found that the District had been incorrectly billed 79 percent of the time, amounting to overbillings of at least \$9,000. Further, the District has not established performance measures that would allow it to identify program inefficiencies. Conversely, the District's practice of testing oil

samples from about half of its buses results in cost savings by allowing oil changes at 7,500 to 10,000 miles rather than every 5,000 miles. Because oil testing costs are low (\$6.50 per oil sample) and there is the potential for cost savings, other school districts should explore the feasibility of implementing this practice.

## Plant operation and maintenance (see pages 15 through 17)

In fiscal year 2007, Gilbert USD spent 11.5 percent of its available operating dollars on plant operation and maintenance costs, slightly more than the 11 percent spent by the comparable districts and by districts across the State. However, the District's per-pupil and per-square-foot plant costs were similar to the comparable districts' averages. Further, the District has made program changes since fiscal year 2007 to further increase efficiency, such as implementing a preventative maintenance program, and opening a centralized maintenance facility that will allow maintenance crews to respond to any district site's request more efficiently. In addition, the District implemented an informal energy conservation plan, but not all aspects of the plan are followed by each school.

## Proposition 301 monies (see pages 19 through 22)

In November 2000, voters passed Proposition 301, which increased the state-wide sales tax to provide additional resources for educational purposes. For fiscal year 2007, the District spent its Proposition 301 monies according to its plan and for purposes authorized by statute. On average, each eligible employee received \$856 in base pay, \$1,700 in performance pay, and \$1,678 in additional compensation increases from menu monies for a total average increase of \$4,234. However, the District did not ensure that proper documentation was maintained to demonstrate that some eligible employees met the criteria for one of its performance pay goals.

## Classroom dollars (see pages 23 through 25)

Statute requires the Auditor General to determine the percentage of every dollar Arizona school districts spend in the classroom. Therefore, auditors reviewed the District's recording of classroom and other expenditures to determine their accuracy. The District's fiscal year 2007 classroom dollar percentage was 62.1 percent, which is higher than the comparable district, state, and national averages. Although it spent a higher percentage of its operating dollars in the classroom, Gilbert USD spent less

per pupil than the comparable districts and the state average primarily because it received less federal and other monies, such as budget override monies. Further, the District spent less on instructional support services because it employed fewer positions, such as librarians and media technicians.

## English Language Learner programs, costs, and funding (see pages 27 through 31)

Statute requires the Auditor General to review school district compliance with ELL requirements. In fiscal year 2007, the District identified approximately 2 percent of its students as English language learners and provided instruction for them in several different types of programs, including Structured English Immersion (SEI) and Compensatory Instruction (CI). Since fiscal year 2007, Gilbert USD has adjusted its program to address state requirements that were adopted in September 2007. Although the District separately accounted for its ELL program costs, many of the costs assigned to the ELL program were not incremental. Incremental costs are costs incurred in addition to those associated with teaching English-fluent students.

♦

# TABLE OF CONTENTS



Introduction & Background	1
Chapter 1: Administration	5
What are administrative costs?	5
Administrative costs lower than comparable districts'	6
Password controls needed to protect the integrity of the District's computerized accounting system	7
Recommendation	7
Chapter 2: Student transportation	9
Background	9
Transportation costs were slightly higher per mile than the comparable districts'	10
Inefficient bus routes contributed to higher costs	10
The District had higher-than-average purchased services costs	11
Performance measures were not established and monitored	12
Gilbert USD's oil testing procedures can improve program efficiency	12
Recommendations	13
Chapter 3: Plant operation and maintenance	15
Recommendation	17

• continued





# TABLE OF CONTENTS

<b>Chapter 4: Proposition 301 monies</b>	<b>19</b>
Background	19
District's Proposition 301 plan was complete	20
Performance pay records were incomplete	22
<b>Recommendation</b>	<b>22</b>
<b>Chapter 5: Classroom dollars</b>	<b>23</b>
District has high classroom dollar percentage	23
The District had lower total spending per-pupil than the comparable districts' and state averages	24
The District spent significantly less than the comparable districts on instructional support	25
<b>Chapter 6: English Language Learner programs, costs, and funding</b>	<b>27</b>
Background	27
Types of ELL programs in Arizona	28
District's ELL program	29
District's ELL funding and costs	31
<b>Recommendation</b>	<b>31</b>
<b>District Response</b>	

continued ♦

# TABLE OF CONTENTS



## Tables:

1	Total and Per-Pupil Administrative Cost Comparison Fiscal Year 2007 (Unaudited)	6
2	Students Transported, Route Mileage, and Costs Fiscal Year 2007 (Unaudited)	10
3	Comparison of Cost Per Mile by Category Fiscal Year 2007 (Unaudited)	11
4	Plant Costs and Square Footage Comparison Fiscal Year 2007 (Unaudited)	15
5	Comparison of Expenditure Percentages and Per-Pupil Expenditures by Function Fiscal Year 2007 (Unaudited)	24

## Figures:

1	ELL Requirements for School Districts and Charter Schools	28
---	---	----

♦ concluded



# INTRODUCTION & BACKGROUND

---

The Office of the Auditor General has conducted a performance audit of the Gilbert Unified School District pursuant to A.R.S. §41-1279.03(A)(9). This performance audit examines six aspects of the District's operations: administration, student transportation, plant operation and maintenance, expenditures of sales taxes received under Proposition 301, the accuracy of district records used to calculate the percentage of dollars spent in the classroom, and the District's English Language Learner programs.

The Gilbert Unified School District is located in southeast Maricopa County, encompassing parts of Gilbert, Mesa, and Chandler. In fiscal year 2007, the District served 35,850 students in pre-kindergarten through 12th grade in its 39 schools, including 26 elementary schools, 6 junior high schools, 4 high schools, and 3 academies.

A 5-member board governs the District, and a superintendent manages it, along with 4 assistant superintendents. In fiscal year 2007, the District employed 39 principals, 18 assistant principals, 2,166 certified teachers, 515 instructional aides, and 1,399 other employees, such as administrative staff, bus drivers, and custodians.

## District programs and recognitions

The District offers a wide range of instructional and extracurricular or other programs (see textbox). For example, the District has a program, called Response to Intervention (RTI). In this program, classroom teachers in grades K-3, and specialists such as reading teachers, psychologists, and social workers all work together to make sure that students have received appropriate instruction prior to being referred to special education.

For the 2007 school year, all of the District's 39 schools received "performing" or higher ratings through the Arizona LEARNS program:

### The District offers:

- Personal Responsibility in Daily Effort (PRIDE)—Helps junior high students and teachers monitor students' home work assignments and daily preparedness
- Club Discovery—Before and after school enrichment program for elementary students
- Very Important Kid Club—Before and after school childcare program
- Advancement Via Individual Determination (AVID)—Motivates mid-level students to higher achievement
- Project Lead the Way pre-engineering science
- Character counts!
- Oceanography & Science Camp
- Full Production Fine Arts Lab
- Autism programs

the District had 31 schools labeled “excelling,” 6 schools labeled “highly performing,” and 2 schools labeled “performing.” Additionally, 25 of the District’s schools met “Adequate Yearly Progress” for the federal No Child Left Behind Act, while 14 did not, because too many special education students took the test using alternate accommodations, such as being able to use a calculator on the mathematics portion or having the reading portion read to them. Schools are required to test at least 95 percent of their students to meet “adequate yearly progress,” but students who receive alternate accommodations cannot be counted toward the District’s percent-tested requirement. The 95 percent requirement applies not only to the school as a whole, but also to subgroups such as special education students. District officials indicated that the schools provide alternate accommodations for special education students if their individualized education plan requires such accommodations. However, the 14 schools gave alternate accommodations to enough special education students that the schools could not meet the 95 percent criterion for this subgroup.

## Scope and methodology

Based in part on their effect on classroom dollars, as reported in the Auditor General’s annual report, *Arizona Public School Districts’ Dollars Spent in the Classroom* (Classroom Dollars report), this audit focused on three operational areas: administration, student transportation, and plant operation and maintenance. Further, because of the underlying law initiating these performance audits, auditors also reviewed the District’s use of Proposition 301 sales tax monies and how accurately it accounted for dollars spent in the classroom. In addition, auditors reviewed the District’s expenditures for English Language Learner (ELL) programs to provide an overview of how the District used these monies.

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2007 summary accounting data for all districts and the Gilbert Unified School District’s fiscal year 2007 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff. To develop comparative data for use in analyzing the District’s performance, auditors selected a group of comparable districts. Using average daily membership counts and number of schools information obtained from the Arizona Department of Education, auditors selected the comparable districts based primarily on having a similar number of students and schools as Gilbert Unified School District, and secondarily on the district type, location, classroom dollar percentage, and other factors. Additionally:

- To assess the District's administrative costs' accuracy, auditors evaluated internal controls related to expenditure processing and tested the accuracy of fiscal year 2007 expenditures. Auditors also reviewed personnel files and interviewed district and school administrators about their duties, salaries, and related costs, and compared these to similar districts'.
- To assess whether the District's transportation program was managed appropriately and functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, bus maintenance and safety records, and bus routing. Auditors also reviewed fiscal year 2007 transportation costs and compared them to similar districts'.
- To assess whether the District's plant operation and maintenance function was managed appropriately and functioned efficiently, auditors reviewed and evaluated fiscal year 2007 plant operation and maintenance costs and district building space, and compared these costs and capacities to similar districts'.
- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2007 expenditures to determine whether they were appropriate, properly accounted for, and remained within statutory limits. Auditors also reviewed the District's performance pay plan and analyzed how performance pay was being distributed.
- To assess the accuracy of the District's classroom dollars and other expenditures, auditors reviewed accounting records to determine whether costs were properly recorded.
- To assess the District's compliance with ELL program and accounting requirements, auditors examined the District's testing records for students who had a primary home language other than English, interviewed appropriate district personnel about the District's ELL programs, and evaluated the District's ELL-related revenues and costs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and her staff express their appreciation to the Gilbert Unified School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

♦

# CHAPTER 1

---

## Administration

Gilbert Unified School District's fiscal year 2007 administrative costs were lower than the comparable districts' and the state average. The District spent 7.5 percent of its available operating dollars on administration, lower than the comparison districts' average of 8.1 percent and the state average of 9.5 percent.<sup>1</sup> The District's administrative costs were lower primarily because it had fewer administrative positions—particularly at the school administration level. Although the District has low administrative costs there is one administrative function in which the District can improve. The District should improve the security of its computerized accounting system by requiring users to periodically change their passwords.

### What are administrative costs?

Administrative costs are those associated with directing and managing a school district's responsibilities at both the school and district level. At the school level, administrative costs are primarily associated with the principal's office. At the district level, administrative costs are primarily associated with the governing board, superintendent's office, business office, and central support services, such as planning, research, data processing, etc. For purposes of this report, only current administrative costs, such as salaries, benefits, supplies, and purchased services, were considered.<sup>2</sup>

Administrative costs are monies spent for the following items and activities:

- General administrative expenses are associated with governing board's and superintendent's offices such as elections, staff relations, and secretarial, legal, audit, and other services; the superintendent's salary, benefits, and office expenses; community, state, and federal relations; and lobbying;
- School administration expenses such as salaries and benefits for school principals and assistants who supervise school operations, coordinate activities, evaluate staff, etc., and for clerical support staff;
- Business support services such as budgeting and payroll; purchasing, warehousing, and distributing equipment, furniture, and supplies; and printing and publishing; and
- Central support services such as planning, research, development, and evaluation services; informing students, staff, and the general public about educational and administrative issues; recruiting, placing, and training personnel; and data processing.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

<sup>1</sup> Available operating dollars consist of monies used to make current expenditures as defined in footnote 2.

<sup>2</sup> Current expenditures are those incurred for the District's day-to-day operation. They exclude costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.



## Administrative costs lower than comparable districts'

As shown in Table 1 below, the District spent \$82 less per pupil on administrative costs than the comparable districts, on average. As a result, the District spent a lower percentage of its available operating dollars for administration than the comparable districts spent, on average. Gilbert USD spent 7.5 percent of its available operating dollars on administration, 0.6 percentage points below the comparable districts' average of 8.1 percent, and 2 percentage points below the state average of 9.5 percent. The following tables use fiscal year 2007 cost information because it is the most recent year for which all comparable districts' cost data was available.

**Table 1: Total and Per-Pupil Administrative Cost Comparison**  
Fiscal Year 2007  
(Unaudited)

District Name	Total Administrative Costs	Number of Students	Administrative Cost Per Pupil
Scottsdale USD	\$16,938,110	25,333	\$669
Deer Valley USD	\$19,157,111	33,521	\$571
Chandler USD	\$17,374,915	32,122	\$541
Peoria USD	\$19,003,237	36,608	\$519
Paradise Valley USD	\$16,382,399	32,880	\$498
<b>Gilbert USD</b>	<b>\$17,104,872</b>	<b>35,850</b>	<b>\$477</b>
<b>Average of the comparable districts</b>	<b>\$17,771,154</b>	<b>32,093</b>	<b>\$560</b>

Source: Auditor General staff analysis of district-reported fiscal year 2007 accounting data and average daily membership information obtained from the Arizona Department of Education.

Gilbert spends less on administration largely because it has fewer administrative positions—particularly at the school level. For example, Gilbert USD employed fewer assistant principals because it did not have any assigned or allocated to elementary to its schools. The comparable districts assigned assistant principals to elementary schools with an average of approximately 775 students. As a result, Gilbert USD employed 18 assistant principal full-time equivalent (FTE) positions, while the comparable districts employed an average of 35 assistant principal FTEs.

## Password controls needed to protect the integrity of the District's computerized accounting system

Gilbert USD could improve password controls over its computerized accounting system. Specifically, the system administrator initially establishes passwords for system users. However, the policy does not require that these passwords be changed by the user either upon initial logon or periodically as prompted by the system administrator. Not requiring users to change passwords leaves the users susceptible to misuse of their accounts, and the District open to exploitation of its computerized systems and records.

### Recommendation

To ensure computer system security, the District should establish policies that require users to change their password upon initial logon, and periodically.

♦

# CHAPTER 2

---

## Student transportation

The District spent slightly more per mile and a larger percentage of its available operating dollars on transportation than comparable districts. As a result, the District subsidized its transportation program with \$2 million that potentially could otherwise have been spent in the classroom. Several factors contributed to the District's high per-mile transportation costs, including inefficient bus routes, high costs for contracted transportation, and the District's failure to review invoices to ensure that it was being billed correctly by vendors. Performance measures would allow the District to identify its inefficiencies, but the District has not established such measures.

### Background

During fiscal year 2007, the District transported almost 9,800 of its 35,850 students to and from 37 of its 39 schools. In addition to regular and special needs transportation, the District provided transportation for field trips, athletic events, and students participating in extracurricular activities. The District maintained two bus yards, including its main bus storage facility that serves the District's western section and a secondary facility that serves the District's eastern area. According to district officials, the secondary bus yard stores and services slightly less than half of the District's bus fleet. The District also outsourced a portion of its special needs and athletic transportation.

#### Transportation Facts for Fiscal Year 2007

Riders	9,784
Bus drivers <sup>1</sup>	111
Mechanics	13
Average daily route miles	13,015
Total miles	2,547,533
Total noncapital expenditures	\$9,417,614

<sup>1</sup> Full-time equivalents.

## Transportation costs were slightly higher per mile than the comparable districts'

As shown in Table 2 below, Gilbert USD had a lower cost-per-rider than the comparable districts, but had higher costs per-mile. The District's \$3.70-per-mile cost was about 7 percent higher than the comparable districts' average of \$3.44. These higher costs helped cause the District to spend \$2 million more on transportation than it received in transportation funding. In fiscal year 2007, the District received state transportation aid totaling approximately \$5.9 million, with an additional \$1.5 million from other sources such as federal reimbursements, but spent over \$9.4 million to operate the program.

**Table 2: Students Transported, Route Mileage, and Costs**  
Fiscal Year 2007  
(Unaudited)

District Name	Total Riders	Total Miles	Total Noncapital Expenditures	Cost Per Rider	Cost Per Mile	Miles Per Rider
Chandler USD	9,353	1,957,146	\$7,617,331	\$814	\$3.89	209
<b>Gilbert USD</b>	<b>9,784</b>	<b>2,547,533</b>	<b>\$9,417,614</b>	<b>\$963</b>	<b>\$3.70</b>	<b>260</b>
Peoria USD	8,363	2,335,153	\$8,095,015	\$968	\$3.46	279
Deer Valley USD	9,284	2,958,123	\$10,148,592	\$1,093	\$3.43	319
Scottsdale USD	6,389	2,592,402	\$8,324,826	\$1,303	\$3.21	406
Paradise Valley USD	9,093	2,351,509	\$7,496,294	\$824	\$3.19	259
<b>Average of the comparable districts</b>	<b>8,496</b>	<b>2,438,867</b>	<b>\$8,336,412</b>	<b>\$1,000</b>	<b>\$3.44</b>	<b>294</b>

Source: Auditor General staff analysis of Arizona Department of Education fiscal year 2007 district mileage reports and district-reported fiscal year 2007 accounting data.

## Inefficient bus routes contributed to higher costs

One cause for the District's slightly higher transportation costs was its inefficient bus routes. Specifically, the District's regular education bus routes were only filled to an average of 61 percent capacity. Districts with efficient bus routing typically use 75 percent or more of bus capacity. The District's high school routes were the least efficient overall, operating at only about 56 percent of capacity, on average. Route inefficiencies likely occurred because the District did not systematically monitor ridership on an ongoing basis to identify routes with very low or high ridership. Drivers performed daily rider counts, but transportation officials did not monitor these counts and make regular corresponding route adjustments to improve efficiency. The District did combine some high school and junior high routes to increase efficiency, but these efforts have not been enough to bring route capacity close to standards for efficient districts.

## The District had higher-than-average purchased services costs

Further, as shown in Table 3 below, the District's \$0.59-cost-per-mile purchased services costs were more than 73 percent higher than the comparable districts' average of \$0.34. Purchased services costs were high, in part, because the District's inefficient in-house routes caused it to have to contract for some of its transportation needs. In addition, the District did not exercise good oversight over its contracts, which led to overbillings.

**Table 3:** Comparison of Cost Per Mile by Category  
Fiscal Year 2007  
(Unaudited)

District Name	Salaries	Benefits	Purchased Services	Supplies and Other	Total Cost Per Mile
Chandler USD	\$2.11	\$0.64	\$0.45	\$0.69	\$3.89
<b>Gilbert USD</b>	<b>\$1.98</b>	<b>\$0.61</b>	<b>\$0.59</b>	<b>\$0.52</b>	<b>\$3.70</b>
Peoria USD	\$2.00	\$0.68	\$0.18	\$0.60	\$3.46
Deer Valley USD	\$2.07	\$0.71	\$0.17	\$0.48	\$3.43
Scottsdale USD	\$1.69	\$0.45	\$0.67	\$0.40	\$3.21
Paradise Valley USD	\$1.83	\$0.57	\$0.25	\$0.54	\$3.19
<b>Average of the comparable districts</b>	<b>\$1.94</b>	<b>\$0.61</b>	<b>\$0.35</b>	<b>\$0.54</b>	<b>\$3.44</b>

Source: Auditor General staff analysis of district-reported fiscal year 2007 accounting data and district mileage reports obtained from the Arizona Department of Education.

**Outsourced transportation**—Partly because of the route inefficiencies, the District was unable to cover all of its transportation needs in-house. Therefore, it had to outsource some of its field trip and athletic transportation, costing the District an average of \$475 per field trip and \$372 per athletic trip. Further, 86 percent of the athletics cost was spent solely on transporting students to other schools within the District. These trips could potentially have been performed by the District if bus capacity utilization had been regularly monitored and adjusted accordingly, freeing up district buses to cover these trips.

**Poor oversight over vendor contracts**—The District used several charter companies to provide athletic and field trip transportation and a portion of their special needs transportation. Auditors' review of three vendors' billing statements showed that the District was not adequately overseeing the billings. For two vendors' invoices, the District was not billed according to contract terms 56 percent of the time, resulting in overbillings totaling at least \$10,000. For the third vendor's invoices reviewed, auditors were unable to determine if the District was

properly billed because there was insufficient information either on the invoice or in the contract to calculate the proper amount.

## Performance measures were not established and monitored

The almost \$2 million transportation program subsidy emphasizes the need for monitoring transportation operations. Measures such as cost per mile, cost per rider, and bus capacity utilization percentage can help the District identify areas for improvement. However, the District has not established and monitored performance measures for the transportation program. Monitoring data on driver productivity and bus capacity utilization rates can help identify route segments with low ridership, segments that may be combined, or buses that are overcrowded. Without such data and performance measures, the District was unable to evaluate the efficiency of its program and proactively identify operational issues that may need to be addressed.

## Gilbert USD's oil testing procedures can improve program efficiency

To decrease maintenance costs and help extend the useful life of its buses, Gilbert USD samples the oil from approximately half of its buses for testing. Each oil sample test costs the District \$6.50. The results tell the District if it can extend the useful life of the oil and if there are engine parts that potentially need to be replaced. The District has already saved money by not having to perform oil changes as frequently. While the District's policy is to change buses' oil at 5,000 miles, oil testing has allowed it to extend this to 7,500 or 10,000 for the buses tested, without harming the condition of the buses. Auditors estimate that this saves the District approximately \$5,000 per year. The District potentially saves further costs because the testing can warn of bus parts that are wearing out, allowing the District to replace those parts before they cause damage to other engine parts and lead to more costly repairs or longer downtimes for the buses. Because of the low testing costs and the potential for cost savings, other school districts should consider exploring the feasibility of implementing this practice.

## Recommendations

1. The District should review rider counts throughout the year to evaluate and adjust routes as necessary to increase efficiency.
2. The District should review all student transportation vendor invoices to ensure that they conform to contract terms.
3. To aid in evaluating the efficiency of its transportation program, the District should establish and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.



♦

# CHAPTER 3

## Plant operation and maintenance

In fiscal year 2007, Gilbert USD’s plant operation and maintenance costs were similar to comparable districts. The District has made program changes since fiscal year 2007 to further increase efficiency such as implementing an informal energy conservation plan and a preventative maintenance program, and opening a centralized maintenance facility.

Plant costs similar to comparable districts’—As shown in Table 4, the District’s plant costs per student and per square foot were similar to the comparable districts’. The District has implemented several program improvements to further increase operational efficiencies and lower costs in the future.

### What are plant operation and maintenance costs?

Salaries, benefits, and other costs for heating and cooling, equipment repair, groundskeeping, and security.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

**Table 4: Plant Costs and Square Footage Comparison  
Fiscal Year 2007  
(Unaudited)**

District Name	Plant Costs				Square Footage Per Student
	Total	Per Student	Per Square Foot	Total Gross Square Footage	
Scottsdale USD	\$23,504,684	\$928	\$6.57	3,579,532	141
Paradise Valley USD	24,570,503	747	5.17	4,749,508	144
Peoria USD	26,880,739	734	5.96	4,510,584	123
<b>Gilbert USD</b>	<b>26,211,446</b>	<b>731</b>	<b>5.89</b>	<b>4,447,043</b>	<b>124</b>
Deer Valley USD	23,955,080	715	5.67	4,228,565	126
Chandler USD	21,656,476	674	6.21	3,489,835	109
<b>Average of the comparable districts</b>	<b>\$24,113,496</b>	<b>\$760</b>	<b>\$5.92</b>	<b>4,111,605</b>	<b>129</b>

Source: Auditor General staff analysis of district-reported fiscal year 2007 accounting data, average daily membership information obtained from the Arizona Department of Education, and fiscal year 2007 gross square footage information obtained from the Arizona School Facilities Board.

**Energy conservation plan**—The District has developed and implemented an energy conservation plan that establishes temperature settings, requires that energy consumption be monitored, establishes set back times and temperatures<sup>1</sup>, and sets criteria regarding equipment use, such as not allowing teachers to keep mini-refrigerators in their classrooms. However, the plan has not been adopted by the Governing Board and made a district policy. Instead, while all schools are held accountable for the energy consumed at their site during monthly administrative meetings, school principals are not required to follow the plan. While the secondary schools have typically chosen to follow the plan as written, the elementary school principals have chosen to not follow such things as the temperature settings for their individual schools. Because not all aspects of the energy conservation plan are being followed by each school, further energy and cost savings could potentially be realized. Therefore, the District should consider formally adopting the plan and require all school sites to follow the plan's components.

**Preventative maintenance program**—Since approximately fiscal year 2005, the District has dedicated three staff to regular preventative maintenance reviews of district and school buildings. The program is tied to the energy conservation plan and the School Facilities Board preventative maintenance program. It includes activities, such as regularly changing air conditioning air filters, checking the window and door seals for faults, and making sure that all lights are working properly. One of the specific duties implemented by the preventative maintenance staff since fiscal year 2007 is periodically blowing the dust out of all fire alarms and smoke detectors. The District indicated that this has reduced the number of false alarms from an average of three to four each week during fiscal year 2007 to only three to four for the year in fiscal year 2008. Although the District has not calculated the cost savings associated with each false alarm, savings likely occur in the form of security and operations staff time, and the fire department no longer has to make frequent trips to investigate false alarms.

**Centralized facilities**—In the summer of 2008, District opened a new plant facility that is centrally located within the District's boundaries. The new site will house all of the District's various maintenance crews and enable them to respond more quickly to the needs of the schools and other district facilities because maintenance crews will have shorter distances to travel than in the past. Previously the maintenance facilities were situated in the District's western section, making for longer travel times to the schools in the District's eastern section. The District stated that it could take from 15 to 30 minutes to respond to a call over this distance. The District anticipates that the new facility will allow maintenance crews to respond to any site's request within 10 minutes.

<sup>1</sup> Set back times and temperatures refer to the time that temperatures are raised or lowered after a building is vacated for the night.

## Recommendation

To help ensure efficient district-wide energy use, the District should consider formally adopting its energy conservation plan or require individual schools to submit site-specific energy conservation plans.

♦

# CHAPTER 4

## Proposition 301 monies

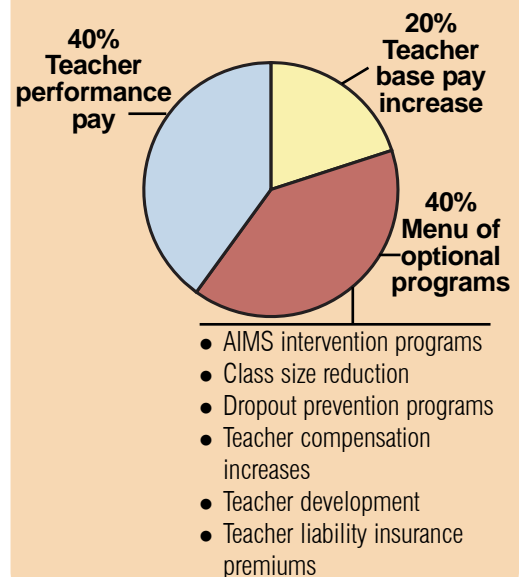
In November 2000, voters passed Proposition 301, which increased the state-wide sales tax to provide additional resources for education programs. For fiscal year 2007, Gilbert USD spent its Proposition 301 monies according to its plan and for purposes authorized under statute. However, the District did not ensure that proper documentation was maintained to demonstrate that some eligible employees met the criteria for one of its performance pay goals.

### Background

In approving Proposition 301, voters increased the state-wide sales tax by six-tenths of 1 percent for 20 years. Under statute, after allocations for ten state-wide educational purposes, such as school facilities revenue bonds and university technology and research initiatives, the remainder of the revenue goes to the Classroom Site Fund. These monies may be spent only in specific proportions for three main purposes: teacher base pay increases, teacher performance pay, and certain menu options such as reducing class size, providing dropout prevention programs, and making additional increases in teacher pay.

During fiscal year 2007, the District received a total of \$14,782,962 in Proposition 301 monies and distributed \$12,031,326 to employees. Unspent Proposition 301 monies remain in the District Classroom Site Fund for future years.

Required apportionment of Proposition 301 monies



## District's Proposition 301 plan was complete

The District's plan was developed by the District Oversight Committee (DOC), consisting of five administrators, six certified teachers, and a Governing Board member, in collaboration with the District Interest Based Bargaining Team, representing administrators, teachers, and the Gilbert Education Association. The plan is updated annually by the DOC with input from the School Improvement Committees (SIC) at each school site. Each school's SIC is responsible for reviewing individual teacher action plans, verifying completion of the action plans, and ratifying the school academic goal or site plan. Each of these committees consists of an administrator and certified teachers' representatives of each grade level/department at the school. Members are appointed annually by each school's administrator in consultation with the president of the Gilbert Education Association.

The District identified employees eligible to receive Proposition 301 monies as any contracted employee who holds a teaching certificate issued by the Arizona Department of Education, who is paid from the certified salary schedule, and whose duties involve ongoing instructional or counseling contact with students. This includes positions such as teachers, speech therapists, librarians, and guidance counselors.

The District spent Proposition 301 monies as follows:

**Base Pay**—Each eligible full-time employee earned base pay increases of approximately 2 percent of their base salary, which equated to \$856, on average.

**Performance Pay**—While each eligible full-time employee could earn up to \$1,832 if all performance criteria were met, the average amount of performance pay earned was \$1,700. However, more than three-quarters of the employees did earn the full \$1,832. The District's performance pay plan is divided into the following three parts:

- **School academic goals (57 percent of performance pay)**—Each school had to select a goal related to reading, writing, or math. The DOC was responsible for reviewing and approving each school's academic goal. Each eligible employee choosing to participate in this goal was then responsible for drafting an individual action plan that showed how they would contribute to helping the school achieve its chosen goal. In addition, each teacher had to identify an assessment to be used to measure student achievement. Once goals were completed, teachers provided their SIC with a self evaluation of their action plan. Eligible employees successfully completing this goal received \$1,053.
- **Knowledge and skills (40 percent of performance pay)**—To meet this goal, eligible employees could choose professional development courses from a

list developed by each SIC and approved by the DOC. Employees could also request that additional conferences, workshops, on-line trainings, and classes be added to the list. A minimum of 15 hours of professional development activities had to be completed through the school year, either during or outside of contract hours. To receive the \$739 stipend for this goal, each eligible employee had to have their school site's SIC approve documentation showing they completed 15 hours of approved professional development classes.

- **Measurement (3 percent of performance pay)**—To be eligible to receive the \$40 measurement goal pay, employees had to complete the individual action plan required for the school academic goal, and their school had to meet any one of the following three performance indicators:
  - The school maintained or increased the AZ Learns Achievement Profile as compared with the previous year.
  - The school maintained or increased the AZ Learns total points as compared with the previous year in the subject area chosen for its school academic goal.
  - The school maintained or increased the school AZ Learns total points as compared to the previous year.

**Menu Options**—Statute allows school districts to choose among six different options for allocating the menu monies, including:

- AIMS intervention programs
- Class size reduction
- Dropout prevention programs
- Teacher compensation increases
- Teacher development
- Teacher liability insurance premiums

The District chose to use the majority of its menu monies for eligible employee compensation increases. Each eligible employee received about 4 percent of their base salary from menu monies, or an average of \$1,678 per employee. In addition, the District allocated \$100 per teacher to each school site for additional professional development. This includes the costs of providing substitute teachers to cover the classes of teachers attending conferences or other trainings during normal work hours. Further, eligible employees serving on the DOC each received stipends of approximately \$3,503 paid out of menu monies, and each eligible employee serving on a SIC received \$600 stipends from menu monies.



## Performance pay records were incomplete

Auditors' testing showed the District is not always maintaining sufficient documentation to support performance pay decisions. As noted above, district employees meeting 15 hours of approved professional development under the knowledge and skills portion of the plan were eligible to receive \$739 in performance pay. Employees were required to submit documentation such as certificates of completion or attendance logs to support their attendance at the conferences, trainings, or workshops. Auditors reviewed performance pay records for a sample of 30 employees and found that only 17 had sufficient documentation of employees' professional development hours. As a result, the District could not show that those employees were appropriately paid 40 percent of their performance pay monies. The absence of documentation for so many of the employees in the sample indicates this important control needs attention across the District.

## Recommendation

The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with the District's plan.

# CHAPTER 5

---

## Classroom dollars

A.R.S. §41-1279.03(A)(9) requires the Auditor General to determine the percentage of every dollar Arizona school districts spend in the classroom. The District's fiscal year 2007 classroom dollar percentage was 62.1 percent, which is higher than the comparable district, state, and national averages. However, Gilbert USD actually spent fewer dollars per pupil in the classroom than the comparable districts and the state average. This occurred primarily because it received less federal monies and other monies, such as budget override monies.

### District has high classroom dollar percentage

As shown in Table 5 on page 24 , Gilbert USD's classroom dollar percentage of 62.1 percent is higher than the comparable districts' average, the state average, and the national average. The District's higher classroom spending percentage came primarily from spending less for administration and instructional support. As noted in Chapter 1, Gilbert USD spent only 7.5 percent of its available operating dollars on administration, well below the state and national averages and slightly below the comparable districts' average. Additionally, the District spent only 2.5 percent of its available operating dollars on instructional support, far below the national, state, and comparable districts' averages.

Table 5: Comparison of Expenditure Percentages and Per-Pupil Expenditures by Function  
Fiscal Year 2007  
(Unaudited)

	Gilbert USD		Comparable Districts' Average		State Average 2007		National Average 2005	
	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures
Total spending per pupil		\$6,362		\$6,878		\$7,382		\$8,702
Classroom dollars	62.1%	\$3,948	60.9%	\$4,186	57.9%	\$4,277	61.2%	\$5,321
Nonclassroom dollars								
Administration	7.5%	477	8.1%	560	9.5	703	11.0	958
Plant operations	11.5%	731	11.0%	760	11.3	835	9.6	838
Food service	4.4%	283	3.9%	270	4.7	344	3.9	337
Transportation	4.1%	263	3.8%	264	4.3	316	4.1	358
Student support	7.5%	478	7.2%	493	7.3	542	5.2	453
Instructional support	2.5%	158	4.9%	333	4.8	355	4.8	417
Other	0.4%	24	0.2%	12	0.2	10	0.2	20

Source: Auditor General staff analysis of fiscal year 2007 School District Annual Financial Reports provided by the Arizona Department of Education, summary accounting data provided by individual school districts, and National Center for Educational Statistics' data from the *Digest of Education Statistics* 2005.

## The District had lower total spending per-pupil than the comparable districts' and state averages

Although the District had a high classroom dollar percentage, as shown in Table 5 it spent less per pupil in the classroom than the comparable districts' and state averages. The District spent fewer dollars because it received fewer dollars per-pupil in three ways.

- First, the District received less funding through the school district budgeting process because, unlike some of the comparable districts, it did not participate in the career ladder program and did not receive desegregation or K-3 budget override monies.

- Second, the District received and spent less federal monies than the comparable districts. Specifically, the District spent \$26 per pupil in federal Title I program monies, while the comparable districts' spent an average of \$82 per pupil. Title I monies are distributed based on the number of students living at or below the poverty level. However, because Gilbert USD's poverty rate was lower than the comparable districts' average, it received a smaller proportion of these monies. Specifically, the District's 7.1 percent poverty rate for fiscal year 2007 was 25 percent lower than the comparable districts' average poverty rate of 9.4 percent.
- Finally, Gilbert USD budgeted a higher proportion of its discretionary capital funding for capital rather than operating purposes than did the comparable districts, on average.

## The District spent significantly less than the comparable districts on instructional support

As shown in Table 5 on page 24, Gilbert USD's instructional support expenditures of \$158 per pupil were 53 percent less than the comparable districts' average of \$333 per pupil. The District's instructional support services costs were lower than the comparable districts' average because it employed fewer positions, such as librarians, library assistants, and media technicians. Specifically, the District employed 42 instructional support-related full-time equivalent (FTE) positions. This equates to approximately 1 instructional support FTE for every 851 students, while the comparable districts employed an average of 1 FTE for every 686 students. In addition to employing fewer librarians, the District's librarians spent a portion of their time in direct instruction; therefore, the District classifies a portion of each librarian's salary and benefit costs to instruction rather than instructional support services. All of the comparable districts classified 100 percent of the salary and benefit costs for their librarians as instructional support services.

♦

# CHAPTER 6

---

## English Language Learner programs, costs, and funding

A.R.S. §§15-756.12 and 41-1279.03(9) require the Auditor General to review school district compliance with English Language Learner (ELL) requirements. In fiscal year 2007, the District identified approximately 2 percent of its students as English language learners and provided instruction for them in several different types of programs, including Structured English Immersion and Compensatory Instruction. Since fiscal year 2007, Gilbert USD has revised its ELL program to address state requirements adopted in September 2007. Although the District also addressed a state requirement to report ELL program costs, many of the costs it included did not meet the State's definition of reportable costs and should not have been included.

### Background

English Language Learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. ELL students are identified through a state-adopted language proficiency test. School districts and charter schools are required to administer this test to students if the primary language spoken in the student's home is other than English. Those students identified as ELLs must then be re-tested annually. School districts must report the test results along with other testing-related information to the Arizona Department of Education (ADE). Districts also report the number of ELL students they have, which makes the district eligible for additional monies for ELL programs through the State's school funding formula, the federal Title III program, and other sources.

Since September 2006, statute has established additional ELL requirements and two new funding sources that school districts could access.<sup>1</sup> These laws established an English Language Learner Task Force to develop and adopt research-based, cost-

<sup>1</sup> A.R.S. §15-756 et seq.

efficient models for delivering ELL services. It charged the Task Force with establishing procedures to determine the models' incremental costs—that is, the costs incurred that are in addition to those associated with teaching English-fluent students. Figure 1 summarizes the law's ELL requirements for districts and charter schools. Districts adopting the Task Force's model are eligible to submit funding requests to ADE for their programs, along with a request for additional instruction programs outside normal classroom instruction. The law also required the Office of the Auditor General to biennially audit the State's ELL program, review ELL compliance in school district performance audits, and, for school districts selected for monitoring by ADE, conduct financial audits of the districts' budget requests.

Figure 1: ELL Requirements for School Districts and Charter Schools

School districts and charter schools are required to:

- Assess the English proficiency of new students when it is indicated that the primary language spoken in the home is other than English. In addition, students already identified as ELL must be tested annually.
- Monitor former ELL students who have been reclassified as English proficient and retest their language proficiency annually for 2 years.

School districts and charter schools with ELL students can:

- Submit a CI budget request to ADE and use these monies as specified to supplement existing programs.
- Adopt an SEI model and submit an SEI budget request to ADE, then use the monies as specified to supplement existing programs.

Source: Auditor General staff analysis of A.R.S. §15-756 et seq.

## Types of ELL Programs in Arizona

During fiscal year 2007, school districts and charter schools offered ELL programs that are described in statute as Structured or Sheltered English Immersion (SEI), Bilingual, and Mainstream.<sup>1</sup>

- Structured English Immersion, or Sheltered English Immersion, is an English language acquisition process providing nearly all classroom instruction in English, but using a curriculum designed for children who are learning the language. Statutes establish a mechanism for funding SEI.

<sup>1</sup> A.R.S. §15-751.

- Bilingual education/native language instruction is a language acquisition process providing most or all of the instruction, textbooks, and teaching materials in the child’s native language. Many bilingual programs were eliminated after Proposition 203 was approved in November 2000.<sup>1</sup> However, some districts still maintain these programs for parents who sign waivers to formally request that their child be placed in a bilingual program.
- Mainstream involves placing ELL students in regular classrooms along with English-fluent students when the student is close to becoming English proficient or when there are not enough ELL students to create a separate SEI class. Generally, ELL students in mainstream classrooms receive the same instruction as English-fluent students, but receive additional support, such as small group lessons or assistance from an instructional aide.

In addition to these programs, districts can also provide supplemental programs, referred to as compensatory instruction (CI) programs. Effective in fiscal year 2007, CI programs are defined as programs that are in addition to normal classroom instruction, such as individual or small group instruction, extended-day classes, summer school, or intersession, and that are limited to improving the English proficiency of current ELL students and those who have been reclassified within the previous 2 years.

## District’s ELL program

State law requires that districts administer an English proficiency test to all students with a primary home language other than English. In fiscal year 2007, Gilbert USD administered the Arizona English Language Learner Assessment (AZELLA) exam to these students and identified 726 students as English language learners. The proficiency of these learners ranged from pre-emergent to intermediate (see textbox). The ELL students were then placed in the District’s ELL program, which has three components—structured English immersion, mainstream, and CI classes.

**Structured English Immersion**—In fiscal year 2007, the District provided structured English immersion classrooms for ELL students that focused on English language acquisition, modification of content area delivery, and assistance in cultural understanding. At the elementary schools serving kindergarten through 6th grade students, ELL students who tested at the pre-emergent, emergent, or basic level were placed in an SEI classroom and provided a 3-hour English language development block. ELL students who tested at the intermediate level were

### Levels of English Language Proficiency:

**Pre-emergent**—Student does not understand enough language to perform in English

**Emergent**—Student understands and can speak a few isolated English words.

**Basic**—Student may understand slower speech, and speak, read, and write simple words and phrases, but often makes mistakes.

**Intermediate**—Student can understand familiar topics and is somewhat fluent in English, but has difficulty with academic conversations.

**Proficient**—Student can read and understand texts and conversations at a normal speed, and can speak and write fluently with minor errors.

Source: Arizona Department of Education.

<sup>1</sup> In November 2000, voters passed Proposition 203, requiring that schools use English to teach English acquisition and that all students be placed in English classrooms. The new law required that schools use SEI programs and eliminate bilingual programs unless approved by parents with signed waivers.



placed in SEI or in mainstream classrooms according to their individual progress, along with test scores and teacher recommendations based on how the student performed in the classroom. In addition, ELL students were provided modified instruction in English, math, and social studies.

At the junior high and high schools, ELL students who tested at the pre-emergent, emergent or basic levels were placed in a SEI classroom for a 3-hour English language development block, and ELL students who tested at the intermediate level were placed in a SEI classroom for a 2-hour English language development block. Additionally, high schools provided a 1-hour block for “advanced” intermediate ELL students. All ELL students spent the remainder of their time in mainstream classrooms.

Gilbert USD used various software programs, such as Foundations, Reading Intervention Programs, Accelerated Reading, and Thinking Maps, to supplement instruction, provide assessments, and track student progress.

While Gilbert USD’s fiscal year 2007 ELL program provided ELL students with 3 hours of English Language Development (ELD), state requirements adopted in September 2007 require districts to provide first-year ELL students with 4 hours of ELD in accordance with models developed by an ELL Task Force. The adopted SEI models specify that districts use ELD to teach English language skills to students who are in the process of learning English. ELD is distinguished from other types of instruction in that the content taught is the English language itself. Complying with the models means the District would have to do the following:

- Provide 4 hours of English Language Development instruction that includes components such as speaking, grammar, vocabulary, reading instruction, and writing instruction.
- Ensure that ELD instruction is provided by qualified teachers.
- Group students by English proficiency levels and grades.

**Addressing New Requirements**—While conducting the fiscal year 2007 performance audit, auditors observed the District’s current fiscal year 2009 ELL programs and determined that the District has made several adjustments to its ELL program since fiscal year 2007. Specifically, the program now includes 4 hours of English language development provided by qualified teachers. Further, students were grouped appropriately by English proficiency levels and grade.

**Compensatory Instruction**—In fiscal year 2007, the District offered a summer program for its ELL and English proficient students for the month of June. The classes were taught by ELL-endorsed teachers and included 4 hours of daily instruction based on the models adopted by the ELL Task Force. The District provided separate “pull out” instruction for smaller groups of students who were classified as pre-emergent and emergent.

## District's ELL funding and costs

During fiscal year 2007, Gilbert USD had approximately \$550,000 in ELL-related funding available to spend, including \$335,000 in state aid known as ELL Group B-weight monies and \$80,000 in federal Title III monies.

While the District received \$550,000 in ELL-related funding, it recorded spending about \$2.5 million on its ELL program. However, the District's ELL-related expenditures inappropriately include nonincremental costs. Beginning in fiscal year 2007, school districts were required to identify and report ELL incremental costs. Incremental costs are those in addition to the normal costs of educating English-proficient students, and they do not include costs that replace the same types of services provided to English-proficient students. As shown in the textbox example, if ELL instruction is provided in smaller classes, the additional teachers needed to achieve the smaller class size would be an incremental cost.

The District recorded the entire salaries and benefits for some teachers as ELL costs, even though these costs were primarily to decrease class sizes for ELL students, and not all of these costs were in addition to those required to educate an English-proficient student. Further, it recorded the costs for some field trips, novels, and classroom supplies such as pencils, paper, and markers as incremental costs, even though these items would have been used for non-ELL students, also.

### Incremental cost example:

- Average class size of 25 students, but ELL class size of 15.
- Average teacher salary of \$42,000 (excluding stipends and other special pay).
- 825 total students would require 33 teachers.
- With 75 ELL students, 5 ELL teachers would be required, and the remaining 750 students would require 30 teachers, for a total of 35 teachers.

ELL program salary cost:  
 $\$42,000 \times 5 \text{ ELL teachers} = \$210,000$

ELL incremental salary cost:  
 $\$42,000 \times 2 \text{ additional teachers} = \$84,000$

## Recommendation

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

♦

# DISTRICT RESPONSE



December 15, 2008

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

RE: Response to Gilbert Unified School District #41 2007 Performance Audit

Dear Ms. Davenport:

Gilbert Public Schools respectfully submits our response to the Performance Audit conducted by the Auditor General for fiscal year 2007. We appreciate the professionalism of your staff during the audit and their willingness to engage in dialogue to ensure accuracy and understanding.

While the final report provides recommendations that will enhance and improve our procedures, we also believe the findings verify our commitment to be effective stewards of taxpayers dollars.

Once again, thank you for the meaningful interaction throughout the audit. Gilbert Public Schools will continue to operate the district in the manner that maximizes all available resources. If you have any questions regarding our response, please don't hesitate to contact us.

Sincerely,

Dave Allison, Ed.D.  
Superintendent

## **Administration**

To ensure computer system security, the District should establish policies that require users to change their password upon initial logon, and periodically.

*Gilbert Public Schools agrees with this recommendation. The Technology Services Department will develop and implement security procedures for periodic changes in user passwords for all individuals granted access to the accounting system.*

## **Student Transportation**

The District should review rider counts throughout the year to evaluate and adjust routes as necessary to increase efficiency.

*The District agrees with this recommendation and will develop a routine schedule to evaluate all routes and make necessary adjustments to increase efficiency. Since the audit, the District has already reviewed all regular education routes and has made necessary adjustments, bringing the average rider capacity to 75 percent.*

The District should review all student transportation vendor invoices to ensure that they conform to contract terms.

*The District agrees with this recommendation and will allocate personnel to ensure all student transportation vendor invoices are reviewed and scrutinized.*

To aid in evaluating the efficiency of its transportation program, the District should establish and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.

*The District agrees with this recommendation and will establish a program to better evaluate the efficiency of the Transportation Department by developing performance measures such as cost per mile, cost per rider and bus capacity usage.*

## **Plant Operation and Maintenance**

To help ensure efficient district-wide energy use, the District should consider formally adopting its energy conservation plan or require individual schools to submit site-specific energy conservation plans.

*Gilbert Public Schools agrees with the Auditor General's recommendation regarding the District's energy conservation guidelines. The recommendation will be submitted to the District's policy committee and/or administrative team for final development and implementation.*

### **Proposition 301 Monies**

The District should ensure that adequate documentation is retained to demonstrate that Proposition 301 monies were spent in accordance with the District's plan.

*Gilbert Public Schools agrees with this recommendation. The District Oversight Committee (DOC) will develop record retention guidelines to ensure appropriate documentation for completion of knowledge and skills professional development activities is maintained.*

### **English Language Learner Programs, Costs, and Funding**

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

*Gilbert Public Schools agrees with this recommendation. Gilbert Public Schools is in the process of reviewing all ELL related costs and recoding them properly to include appropriate ELL incremental expenditures.*