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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

June 30, 2010

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable Thayer Verschoor, Vice Chair
Joint Legislative Audit Committee

Dear Representative Burges and Senator Verschoor:

Our Office has recently completed an 18-month followup of the Lake Havasu Unified School District's implementation status for the 18 audit recommendations presented in the performance audit report released in December 2008. As the attached grid indicates, the District has implemented all recommendations.

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 December 2008 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Ms. Gail Malay, Superintendent
Governing Board
Lake Havasu Unified School District

LAKE HAVASU UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued December 2008

18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. The District should review its administrative purchased services to determine how these costs can be reduced.	Implemented at 12 months
2. The District should require and review credit card receipts to help ensure that proper amounts are billed and that credit cards are used appropriately.	Implemented at 6 months
3. The District should implement a cell phone policy, have employees sign user agreements, and review statements to help ensure the proper use of cell phones.	Implemented at 12 months
4. The District should ensure that computer server rooms are locked and the temperature is properly controlled.	Implemented at 6 months
5. The District should establish a disaster recovery plan for its information technology system.	Implemented at 6 months
6. The District should conduct basic computer security training for employees to inform them of the importance of security measures, such as locking computers when away from desks to prevent unauthorized users from accessing district software and data.	Implemented at 6 months
7. The District should correctly classify and record revenues to help ensure that monies are spent for allowable purposes.	Implemented at 12 months

Recommendation	Status/Additional Explanation
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CHAPTER 2: Student transportation

<p>1. The District should use the data it already collects to help create efficient routes. The District should also review rider counts throughout the year to evaluate and adjust routes to increase efficiency while ensuring student safety and ensure that it reports accurate rider counts for state funding purposes.</p>	Implemented at 12 months
<p>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, driver productivity, and bus capacity utilization.</p>	Implemented at 12 months
<p>3. The District should establish proper controls over its fuel card usage. 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.</p>	Implemented at 6 months
<p>4. The District should obtain, review, and maintain driving records on all of its drivers both prior to and throughout their employment, and implement procedures to ensure that all driver requirements are met in accordance with DPS <i>Minimum Standards</i>.</p>	Implemented at 6 months

CHAPTER 3: Plant operation and maintenance

<p>1. The District should continue with its plans to reduce utility costs, and continue identifying ways to lower utility usage based on each school's particular facilities and equipment. Further, the District should educate staff and students about energy conservation and encourage them to conserve energy.</p>	<p>Implemented at 18 months The District is now tracking energy usage by school and implementing cost savings procedures, such as replacing older appliances with more energy efficient models, inspecting outside doors for air leaks, and having staff take home personal appliances that require electricity. The District reported a decrease in electricity costs of over \$265,000, or 17 percent, despite significant rate increases. Additionally, the District has made the decision to close one of its schools, which will also decrease its utility costs.</p>
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Recommendation	Status/Additional Explanation
CHAPTER 4: Proposition 301 monies	
1. The District's Proposition 301 plan should specify the amount of performance pay each eligible employee can earn if performance criteria are met.	Implemented at 12 months
2. The District should review its performance pay plan to ensure that compensated activities are optional and that eligible employees are performing activities for which they are not already compensated during normal contracted hours.	Implemented at 12 months
CHAPTER 5: Classroom dollars	
1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 12 months
2. The District should review its noninstructional spending to determine if savings can be achieved and some of these monies can be redirected to the classroom.	Implemented at 12 months
CHAPTER 6: English Language Learner programs, costs, and funding	
1. The District should continue to expand its English language development instruction to align with the models adopted by the ELL Task Force in September 2007.	Implemented at 6 months
2. The District should separately account for the incremental portion of ELL costs using the appropriate account codes, and retain documentation supporting how those amounts are determined.	Implemented at 18 months