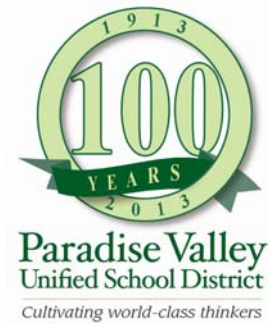


October 22, 2013

Ms. Debra K. Davenport, Auditor General
Division of School Audits
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018



Dear Ms. Davenport:

The Paradise Valley Unified School District respectfully submits its response to the Performance Audit for the 2011 Fiscal Year conducted by the Office of the Auditor General, Division of School Audits. The District would like to thank the Auditor General staff and the leadership of Mike Quinlan, manager, and Brit Baxter, audit senior, for their professionalism, direction and education with regard to this audit, and agree with the audit findings and recommendations.

The Paradise Valley Unified School District is proud of the academic success highlighted in the Performance Audit report. In fiscal year 2011, 85 percent of district students met or exceeded state standards in reading, 70 percent in math, and 69 percent in writing. These scores were higher than state averages.

The District is equally proud of its cost-efficient programs noted in the Performance Audit. The report overview indicates that the district operated efficiently overall, with most costs lower than peer districts. The District is grateful that the report highlighted the fact that the District spent less per pupil overall than its peer district or state average, but spent more in the classroom than its peer districts and state average. District administrative costs were nine percent lower than its peer districts averaged, and 22 percent lower than the state average for administrative costs. District food service and transportation programs were both determined to be operated efficiently.

The Paradise Valley Unified School District remains committed to increasing student achievement while maintaining fiscal responsibility, transparency, and effective stewardship of taxpayer funds. We value the input and collaboration from the Auditor General staff in this process.

Please contact us if there are any questions regarding our response.

Sincerely,

James P. Lee, Ed.D.
Superintendent

Office of the Superintendent
District Administrative Center ↻ 15002 North 32nd Street ↻ Phoenix AZ 85032

Finding 1: District's solar power system contracts unlikely to meet cost-saving expectations, but District has acted to recover estimated financial losses

The District agrees with the finding. The District has implemented the recommendations.

Recommendation 1

The District should continue to monitor its solar power production and electricity usage and costs to help ensure any financial losses are minimized and that the amounts in the escrow accounts are adequate to cover actual losses.

The District agrees with the recommendation and has procedures in place to monitor power production, electricity use and costs and will continue the monitoring through the duration of the contract.

Recommendation 2

The District should regularly review its electric utility's rate plan options, especially for the District's sites with solar power systems, to determine if the District is on the best rate plan available for each site's specific conditions.

The District has begun reviewing the utility rate plans when there is a change in order to determine if a change in the District's rate plan(s) is warranted. The District has recently made changes in rate plans at several sites to take advantage of changes in Arizona Public Service rate structures.

Finding 2: District should continue to review options to address excess building capacity

The District agrees with the finding and has implemented the recommendation.

Recommendation

In light of the District's continued decline in student enrollment and excess building capacity even after closing two schools, the District should continue to evaluate how it can reduce its excess building space.

The District continually monitors enrollment trends, housing construction, occupancy rates and other factors and is diligent in its facility planning. There are many factors beyond the District's control, including open enrollment and state-sponsored charter schools, that have contributed to schools in the southern portion of the district being operated at less than capacity. It is important to note that there are factors other than square feet per student that are considered when making building capacity decisions. The District takes into consideration the needs and desires of its students, parents and communities as well as geographic realities such as State Route 101, which divides the northern third of the district, as well as projected growth rates north of the 101, when determining use of its space. These factors and needs notwithstanding, the District will continue to include reduction of excess building space in its facility planning.

Finding 3: District needs to strengthen controls over computer systems

The District agrees with the finding and will implement the recommendations.

Recommendation 1

The District should improve password controls and require users to immediately change assigned passwords and then again periodically.

The District has implemented a new password control process via a preferred method of security by layers. Unique passwords for each employee/critical system are used, as required. All employees are required to complete annual training on the password control/recovery process and best practices of confidentiality and security of information technology. The District is developing a protocol requiring the periodic changing of passwords.

Recommendation 2

The District should enforce its policies to ensure that terminated employees have their IT system access promptly removed.

The District is enforcing its policies via an automated system that disables access to HR/Financial, student information and communication systems upon employee termination. Automation occurs nightly or can be triggered immediately with HR administration notification to IT administration.

Recommendation 3

The District should reduce its number of users with high-level access to its critical systems.

The District has reduced its number of users with high-level access in certain areas and continues to review who should have what levels of access to confidential systems. The review includes determining which employees need to have access based on job duties, federal and state requirements, and necessity of redundancy for workflow and emergency response purposes.

Recommendation 4

The District should conduct a more thorough cost-benefit analysis and risk assessment for using on-line computing and storage services for sensitive information to evaluate the costs and risks of using these services.

In the future the District will conduct more thorough cost-benefit and risk assessments for its on-line computing and storage services for sensitive information. The District will continue to conduct periodic risk assessments of its on-line computing and storage services and will better document its efforts in these areas.

Recommendation 5

The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.

The District agrees with the recommendation and will document the process as it creates and tests the plan based upon guidance from the Auditor General staff.

Finding 4: Some Classroom Site Fund monies spent inappropriately or without adequate support

The District agrees with the finding has implemented the recommendations.

Recommendation 1

The District should ensure that it properly documents all requirements for eligible employees to receive CSF monies in its Governing Board-approved performance pay plan.

The District will ensure that all pay for performance components are included in the plan annually approved by the Governing Board.

Recommendation 2

The District should ensure that it pays CSF monies in accordance with its Governing Board-approved performance pay plan.

The District will ensure that it pays all CSF pay for performance salaries in accordance with its pay for performance plan.

Recommendation 3

The District should ensure that it retains adequate documentation for the required time period to demonstrate that performance pay goals were met.

The District has reviewed and revised its records retention practices to ensure that adequate documentation is maintained for the required time period.

Recommendation 4

The District should ensure that only eligible employees receive CSF monies.

The District strives to properly classify its employee eligibility for CSF funding. The District has reviewed and revised its coding procedures to prevent such errors in the future.

Other Finding: Student transportation mileage misreported

The District agrees with the finding and has implemented the recommendation.

Recommendation

The District should accurately calculate and report miles driven for state funding purposes

The District has implemented the route mile calculation methodology recommended by the Auditor General staff.