

*"School And Community Working Together For Our Children's Tomorrow"*

*Picacho Elementary School*

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December 1, 2011

Ms. Debra K. Davenport  
Office of the Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

RE: Picacho Elementary School District #33 Response Report – Performance Audit for 2009

Dear Ms. Davenport:

The Picacho Elementary School District #33 respectfully submits its response to the performance audit conducted by the Auditor General for the fiscal year 2009. The report includes a number of findings and recommendations for those findings. These recommendations, to each finding, will be implemented, and will continue to improve our district's processes and procedures. The following pages address the District's response to each finding, and the recommendations, as well as the current status of implementation of each recommendation.

Picacho Elementary School District #33 would like to thank the Auditor General staff that was assigned to our District with regards to their professionalism while interacting with our various departmental staff members.

If you have any additional questions, please feel free to call me at (520) 466-7942.

Sincerely,

Mr. Allen Rogers  
Superintendent  
Picacho Elementary School District #33

PERFORMANCE AUDIT RESPONSES

**FINDING 1: District lacked sufficient payroll and purchasing controls.**

**Recommendations:**

1. The District should implement proper controls over its payroll processing to ensure adequate separation of duties or alternatively establish an appropriate review process as a compensating control.

**District Response: The District agrees with the finding and will implement the recommendation. The District will implement procedures to ensure payroll is calculated properly and the proper oversight and documentation is in place. The District Business Manager will ensure that payroll amounts are calculated correctly. Finally, the Superintendent will be the final check to make sure salaries are calculated correctly. The Superintendent will sign off on all time sheets, leave of absences, and payroll journals reports. In addition, the distribution of all checks will be delegated to the Superintendent's Secretary as an additional separation of duties.**

2. The District should ensure that payments for additional work are properly documented, approved prior to payment, and maintained in employee personnel files.

**District Response: The District agrees with the findings and will implement the recommendation. The Picacho Elementary School District #33 Governing Board action has already taken place for the 2011-2012 School Year regarding authorization of additional pay for Extra Duty Stipends, and will be on the agenda for approval each year and or as deemed necessary. All Extra Duty Stipends approved will be documented with a copy in the individual personnel file.**

3. The District should require supervisors to thoroughly review time sheets and have the business manager verify the accuracy of a sample of time sheets to ensure that employees are accurately paid for the correct number of hours worked.

**District Response: The District agrees with the finding and will implement the recommendation. The District has implemented that all departmental supervisors verify hours worked and attach all proper documentation requests for hours not worked.**

4. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made. Further, in order to help ensure it receives the best price for goods and services, the District should ensure that employees follow the competitive purchasing rules in the *Uniform System of Financial Records for Arizona School Districts* when purchasing goods and services.

**District Response: The District agrees with the finding and will implement the recommendation. The District agrees with the finding and will strive to ensure that all purchased goods and services are competitively approved and that all purchased transactions be in accordance with the *Uniform System of Financial Records for Arizona School Districts*.**

PICACHO ELEMENTARY SCHOOL DISTRICT NO. 33

PERFORMANCE AUDIT RESPONSES

**FINDING 2: Food Service program required a \$36,000.00 subsidy.**

**Recommendations:**

1. The District should evaluate its food service operations and determine if they can be modified to reduce staffing levels and produce cost savings.  
**District Response: The District agrees with the finding and will implement the recommendation. The District will work with the Governing Board to resolve and implement this issue.**
2. To aid in evaluating the efficiency of its food service program, the District, should develop and monitor performance measures such as cost per meal and meals per labor hour and take appropriate actions based on the results of the performance measures.  
**District Response: The District agrees with the finding and will implement the recommendation. The District will work with the Governing Board to resolve and implement performance measures.**
3. The District should reassess the costs and benefits of participation in the NSLP's Provision 2 Program, including the suitability of using district funds to subsidize the food service program rather than using them to meet other needs.  
**District Response: The District agrees with the finding and will implement the recommendation. The District will work with the Governing Board to resolve this issue.**

**FINDING 3: District did not meet state transportation safety requirements.**

**Recommendations:**

1. The District should ensure that it conducts all required random drug and alcohol testing as specified in the *Minimum Standards*.  
**District Response: The District agrees with the finding and will implement the recommendation. The District will perform random drug testing according to the *Minimum Standards*. This testing will be performed on all employees as required by the *Minimum Standards*.**
2. The District should ensure that bus preventative maintenance is conducted and documented as specified in the *Minimum Standards*.  
**District Response: The District agrees with the finding and will implement the recommendation. The District will begin keeping on file all preventative maintenance documentation that is performed on each bus as specified in the *MINIMUM STANDARDS*.**

**PERFORMANCE AUDIT RESPONSES**

**FINDING 4: District performance pay plan needs improvement.**

**Recommendations:**

1. The District's performance pay plan or employment contracts should specify the amount or range of amounts of performance pay each eligible employee can earn if performance criteria are met.

**District Response: The District agrees with the finding and will implement the recommendation. The District Administration is presently working on providing hard copy documentation for all performance pay awards.**

2. To promote improved performance, the District should establish meaningful performance goals.

**District Response: The District agrees with the finding and will implement the recommendation. The District will work with Governing Board to resolve this issue.**

**OTHER FINDINGS: District did not accurately report its costs.**

**Recommendations:**

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

**District Response: The District agrees with the finding and will strive to ensure all transactions be coded in accordance with the Uniform Chart of Accounts for School Districts.**

**OTHER FINDINGS: District lost over \$6,600.00 in discounts from federal E- Rate program.**

**Recommendations:**

1. The District should ensure that it is enrolled in the E-Rate program and receiving applicable discounts.

**District Response: The District have recouped funding and discounts from 2009. The District has secured a third party vendor to apply and receive all applicable discounts through the E-Rate program.**