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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

November 2, 2007

The Honorable Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable John Nelson, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Nelson:

Our Office has recently completed a 24-month followup of the San Carlos Unified School District's implementation status for the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in July 2005. As the attached grid indicates:

- 11 recommendations have been implemented;
- 1 recommendation is in the process of being implemented; and
- 2 recommendations have not been implemented.

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 July 2005 performance audit.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

cc: Dr. John Bush
Governing Board
San Carlos Unified School District

**San Carlos Unified School District
24-Month Follow-Up Report to
Performance Audit Report issued July 2005**

CHAPTER 1: Administration

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should continue to review its staffing levels to determine whether the number of administrative positions can be reduced.</p>	<p>Implemented at 12 Months</p>	
<p>2. To reduce its administrative travel costs, the District should:</p> <p>a. Consider the costs and benefits of sending staff to a conference. Travel should be limited to conferences and seminars that help the District achieve its goals and objectives.</p> <p>b. Limit the number of employees attending a given conference to the key staff members who need to attend.</p>	<p>Implemented at 18 Months</p>	

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CHAPTER 2: Food Service

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
1. The District should develop a system to more accurately determine the number of a la carte items sold, which would include counting items on the racks before and after each lunch period.	Implemented at 18 Months	
2. The District should implement adequate cash controls, including properly separating cash-handling and recordkeeping duties and adequately securing cash prior to deposit, such as in a cash register.	Implemented at 6 Months	

CHAPTER 3: Student Transportation

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
1. The District should review its routes and determine ways to increase its bus capacity utilization, including staggering start times at its junior high and high schools.	Implemented at 18 months	

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CHAPTER 3: Student Transportation (concl'd)

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
2. The District should classify all costs in accordance with the Uniform Chart of Accounts for school districts, including student transportation costs. In particular, the District should improve its documentation of vehicle and fuel usage and properly record all vehicle costs not related to student transportation into the appropriate functions.	Implementation in Process	The District is now classifying fuel costs not related to student transportation to the appropriate functions. However, the District is in the process of implementing a computer system to assist it in tracking vehicle maintenance costs, so these costs are not yet classified to the appropriate functions. According to the District, it plans to fully implement the computer system during fiscal year 2008.
3. The District should ensure that vehicle preventative maintenance and random drug and alcohol tests for bus drivers are conducted and documented as specified in the <i>Minimum Standards for School Buses and School Bus Drivers</i> .	Implemented at 18 Months	
4. The District should validate its route mileage by comparing the mileage recorded in its bus driver logs to bus odometer readings from the beginning and ending of each school year. If significant discrepancies are noted through this comparison, the District should file a corrected route mileage report with the Arizona Department of Education as soon as possible.	Implemented at 6 Months	

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CHAPTER 4: Plant Operation and Maintenance

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
1. The District should analyze its waste disposal needs and determine the location and size of containers needed and the pick-up frequency to bring costs more into line with comparable districts.	Implemented at 6 Months	
2. The District should follow the School District Procurement Rules and seek competitive bids for the services needed.	Implemented at 18 Months	

CHAPTER 5: Proposition 301 monies

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its plan addresses how it intends to spend all Proposition 301 monies, including base pay and menu options monies.	Implemented at 6 Months	
2. The District should ensure that its expenditures for class-size reduction, AIMS intervention, or dropout prevention from Proposition 301 monies are for instruction purposes only, as required by statute.	Implemented at 24 Months	

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CHAPTER 6: Classroom Dollars

Recommendation	Status	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.</p>	<p>Not Implemented</p>	<p>The District continues to work to ensure that all transactions are classified in accordance with the Uniform Chart of Accounts for school districts. However, auditors identified almost \$500,000 of fiscal year 2007 expenditures that were not properly classified.</p>
<p>2. The District should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.</p>	<p>Not Implemented</p>	<p>As reported in the 18-month followup report, the District has reviewed its administrative costs and decided to leave vacant 4.5 full-time equivalent administrative positions to achieve cost savings. However, the District has not yet analyzed other areas, such as student support services, plant operations and maintenance, and student transportation, to identify further potential cost savings.</p>