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AUDITOR GENERAL

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

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DEPUTY AUDITOR GENERAL

March 17, 2014

The Honorable John Allen, Chair  
Joint Legislative Audit Committee

The Honorable Chester Crandell, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Allen and Senator Crandell:

Our Office has recently completed a 24-month followup of the Santa Cruz Valley Union High School District's implementation status for the 7 audit recommendations presented in the performance audit report released in April 2012. As the enclosed grid indicates:

- 5 recommendations have been implemented, and
- 2 recommendations are in the process of being 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 April 2012 performance audit.

Sincerely,

Ross Ehrick, CPA  
Director, Division of School Audits

RE:bh  
Enclosure

cc: Mr. Richard Carino, Interim Superintendent  
Governing Board  
Santa Cruz Valley Union High School District

# SANTA CRUZ VALLEY UNION HIGH SCHOOL DISTRICT

## Auditor General Performance Audit Report Issued April 2012

### 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>FINDING 1: High administrative costs due to declining student enrollment and costs to correct poor business practices</b>	
1. If student enrollment continues to decline, the District should review its administrative staffing levels and determine if they can be modified to reflect the shrinking student population and produce cost savings.	<b>Implemented at 6 months</b> The District reduced its administrative costs by over \$200,000 by eliminating some purchased services, reducing salaries, and eliminating one administrative position.
2. To help ensure it receives the best price for goods and services, the District should follow School District Procurement Rules for purchases over the competitive sealed bid threshold.	<b>Implementation in process</b> District staff continue to participate in trainings to increase their knowledge of School District Procurement Rules. However, it could not be determined whether the District was properly following the Procurement Rules because it had not made any purchases requiring it to follow such rules at the time of this review.
<b>FINDING 2: Inefficient food service program loses money</b>	
1. The District should evaluate its food service operations and determine if they can be modified to reduce staffing levels and produce cost savings.	<b>Implemented at 24 months</b> Since fiscal year 2010, the audited year, the District has decreased its food service staffing levels from 4 full-time equivalent (FTE) positions to 3 FTE, reducing its cost per meal by 18 percent. As a result, the District's \$3.13 cost per meal in fiscal year 2013 was comparable to the peer districts' average.
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.	<b>Implemented at 6 months</b>

**Recommendation**

**Status/Additional Explanation**

**FINDING 3: District reduced classroom spending and shifted monies to other operational areas**

1. The District should look for ways to reduce nonclassroom spending, especially in administration and food service, to allow it to direct more of its monies back into the classroom.

**Implementation in process**

The District has lowered its total spending in most operational areas, including its administrative costs. However, the District hasn't see the full effects of these cuts in its per pupil costs because it has continued to lose students. In fiscal year 2013, the District had 68, or 16 percent, fewer students than it had in fiscal year 2010, the audited year. As a result, in fiscal year 2013, the District's administrative, plant operations, and transportation costs per pupil remained high when compared to the peer districts' averages. In addition, although the District's fiscal year 2013 classroom dollar percentage of 39.8 percent was almost 2 percentage points higher than its fiscal year 2010 percentage, it was more than 9 percentage points lower than the peer districts' average of 49.1 percent. Given its low classroom dollar percentage and decline in student enrollment, the District should continue to look for ways to operate more efficiently, allowing it to direct more monies into the classroom.

**FINDING 4: Agreement with neighboring district has improved transportation program oversight**

1. The District should continue to oversee the IGA with the elementary school district that operates its transportation program to ensure that each district's responsibilities are carried out in the appropriate manner, including compliance with state requirements for preventative maintenance for buses and random drug and alcohol testing for bus drivers.

**Implemented at 6 months**

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

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

**Implemented at 6 months**