



EDUCATION CENTER
Office of the Superintendent
3811 North 44th Street
Phoenix, Arizona 85018-5420

Telephone: 480-484-6120
FAX: 480-484-6293
Web site: www.susd.org

March 20, 2015

State of Arizona
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Attn: Ms. Debra Davenport, Auditor General
Mr. Mike Quinlan, Manager-School Audits

Re: SUSD Performance Audit – FY12

Dear Ms. Davenport and Mr. Quinlan:

Scottsdale Unified School District has received the Preliminary Draft Performance Audit conducted for our Fiscal Year 2012 operations. First, I would like to recognize and commend your staff for their professionalism and cooperation as we worked together to complete this Performance Audit. Mr. Quinlan and his staff were open, gracious, and fair during this entire process. We understand the requirements you must follow and the review completed was thorough and respectful. Please let staff know they are doing good work.

Based on the information shared by your staff throughout the Performance Audit process, we have been able to make immediate process changes and improvements that are making significant positive outcomes. We understand this Preliminary Report is confidential and we will maintain strict confidentiality until your office publishes the final report. Our responses are attached.

Very truly yours,

David J. Peterson, Ed.D., J.D.
Superintendent

Finding 1: District had higher administrative costs, inaccurately reported its costs, and needs to strengthen computer controls

District Response: Although it was reported that our student achievement was similar to peer districts, Figure 1 of your report shows we exceeded our peer districts in student achievement. This is difficult to do when the achievement levels are very high. We were able to do it because of the utilization of Assistant Principals at our elementary schools which you noted is uncommon based on past Audits. As seen with the passage of our Override Election in November 2014, our community and parents value the Assistant Principals and the work they do with students.

The District acknowledges and concurs with the results found in Finding #1.

Recommendation 1: The District should evaluate its administrative positions and the related duties and salaries to determine how it can reduce administrative costs.

District Response: During the Performance Audit review, this information was shared with us. It was noted that although we spend \$99 more per student in the classroom, our administration costs were slightly higher than our peer districts. We took this information seriously and have begun a continuous review of our administrative costs. In your most recent FY14 Dollars in the Classroom Report, we have shown the results of our work and the result is we now have lower administration costs and have closed the differential to our peer districts by approximately half of what it was (11% to 6.4%).

Recommendation 2: The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

District Response: We have been working and will continue to work on ensuring our expenditures are classified in accordance with the Uniform Chart of Accounts.

Recommendation 3: The District should eliminate or disable generic user accounts in its accounting and student information systems.

District Response: We are working to minimize the generic user accounts in our accounting and student information systems. Because these systems are hosted and supported by outside contracted vendors, we are not able to control who those vendors assign for various update and data support functions. The generic accounts are due to the outside vendors' access needs. We are working with them to develop processes and controls to identify who they have assigned to access and support our systems. We will work with vendors to disable accounts they create for service and maintenance purpose at the conclusion of the work.

Recommendation 4: The District should ensure that it promptly removes terminated employees' IT systems access.

District Response: Immediately upon being alerted to this Finding, our I.T. and H.R. staff met, developed, and implemented a process to timely remove access to our I.T. systems upon an employee's separation.

Recommendation 5: The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.

District Response: I.T. staff has been working to formalize a data disaster recovery plan that will be tested and updated accordingly. The plan will be placed into standard I.T. practice for the District. We will ensure that timely back-ups and testing be done to ensure that the disaster recovery plan is working.

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

District Response: Scottsdale Schools concurs with this Finding. It should be noted that the AZ School Facilities Board (SFB) utilizes a minimum adequacy to determine building capacity. This minimum adequacy does not take into consideration the functional requirements imposed on a school district, i.e., requirement for separate classrooms for 4-hour ELL instruction, Special Education programs required in student IEPs, or spaces for additional programs like Art, Music, Band, Strings, and assessment spaces. These programs are valued and demanded by our community as seen by the passage of the override in November 2014 and require additional space to be functional beyond the SFB minimum adequacy.

Recommendation: The District should continue to review its building capacity usage to evaluate how it can reduce its excess building space.

District Response: Scottsdale Schools continuously reviews its building capacity usage and evaluates how it can reduce excess building space while operating a highly performing school district that meets the needs and demands of our students and community. As you noted, we did close a school campus at the end of FY2014.

In addition, we moth-balled unused classrooms and isolated all utilities to those spaces; we rented another facility to a private, Special Education provider; we have relocated departments to unused space to allow for the sale of our Education Center building; and we have just completed an extensive set of Community Forums to look at right-sizing (downsizing) campus facilities, as well as making them more energy efficient. We will continue to review our facility usage and needs to make sure they support education and student achievement at the highest levels.

Finding 3: High transportation costs and some records could be improved

District Response: It is our understanding that all expenditures from all funds and trips are used in determining the cost of our transportation department. While SUSD does have a high number of student field trips supported by other funds not provided by the state formula, we understand the need for the district to make our transportation department run as efficiently as possible. We have, as seen in the FY 14 dollars in the classroom report, reduced the per mile and per rider costs due to changes that we have made since your visits. We will continue to look at, our transportation costs. We do

concur with the Finding and that we could improve our recordkeeping and are working to create efficiencies to ensure our cost are as low as possible.

Recommendation 1: The District should closely review its bus routes to determine how it can improve its route efficiency.

District Response: Immediately upon the preliminary review of our transportation operations with the AZ Auditor General's team, Scottsdale Schools began an extensive review of our bus routes to improve efficiency. The results of that work have allowed us to reduce our overall bus routes from 166 to 144. This 22-route reduction (13.25%), combined with the consolidation of stops within bus routes, has led to realized efficiencies and savings.

Recommendation 2: The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage to help evaluate and improve the efficiency of its transportation program.

District Response: Scottsdale Schools is working on performance measures and best practices to evaluate and improve the efficiency of the transportation program. As noted in the report, over \$200,000 in savings was realized by the changes implemented in regard to bus maintenance. Bus capacity is unique to each school district due to Special Education transportation needs and the location of students needing transportation while balancing the time and length of routes.

Recommendation 3: The District should improve its records summarizing the number of transportation miles and riders reported.

District Response: We are implementing additional measures to strengthen our records summarizing the reported miles and riders. As reported, we do maintain the detailed bus driver records identifying the number of miles driven and students transported. Our Internal Auditor is working with transportation staff to ensure a proper, documented process to summarize these reports.