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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

November 10, 2010

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable Thayer Verschoor, Vice Chair
Joint Legislative Audit Committee

Dear Representative Burges and Senator Verschoor:

Our Office has recently completed a 24-month followup of the Toltec Elementary School District's implementation status for the 18 audit recommendations presented in the performance audit report released in November 2008. As the attached grid indicates:

- 17 recommendations have been implemented; and
- 1 recommendation is 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 November 2008 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Dr. Bryan McCleney, Superintendent
Governing Board
Toltec Elementary School District

TOLTEC ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued November 2008

24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. This District should maintain separate accounts for student activities, extracurricular activity fees tax credits, gifts and donations, and auxiliary operations monies as required by the USFR, and establish procedures to help ensure that all expenditures from these accounts are appropriate.	Implemented at 6 months
2. The District should enforce its credit card policies and maintain required supporting documentation for all expenditures.	Implemented at 6 months
3. The District should improve its cash controls by separating cash-handling and record-keeping responsibilities.	Implemented at 6 months
4. The District should properly secure sensitive student data by storing paper files in secure locations and denying electronic access rights when staff are no longer employed by the District. Additionally, the District should grant access to outside vendors based on the vendor's specific information needs.	Implemented at 6 months
5. The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without independent review and approval, and should terminate access rights when staff are no longer employed by the district.	Implemented at 6 months
6. The District should improve its controls by developing policies to ensure compliance with privacy laws, establishing adequate password controls, and providing computer security awareness training to employees.	Implemented at 12 months

Recommendation	Status/Additional Explanation
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CHAPTER 2: Student transportation

1. The District should carefully review vendor invoices to ensure that amounts billed are in accordance with contract terms and are accurate.	Implemented at 12 months
2. The District should periodically review both driver and bus files to ensure all requirements are met and in accordance with DPS' Minimum Standards.	Implemented at 6 months
3. The District should not allow the use of district buses for other clients, unless the arrangement is established in a written contract, approved by the District Governing Board, and not financially detrimental to the District.	Implemented at 6 months
4. To aid in evaluating the efficiency of its transportation program, the District should establish and monitor performance measures such as cost per mile and cost per rider.	Implemented at 12 months

CHAPTER 3: Plant operation and maintenance

No Recommendations

CHAPTER 4: Proposition 301 monies

1. The District should ensure that salary increases paid from Proposition 301 monies are provided to only eligible employees.	Implemented at 6 months
2. The District should ensure that Proposition 301 monies are used to supplement rather than supplant other monies. The District should reimburse the Classroom Site Fund for monies supplanted in fiscal years 2004 through 2007.	Implemented at 12 months
3. The District should calculate the amount of Proposition 301 monies supplanted in fiscal year 2008, and reimburse the Classroom Site Fund accordingly.	Implemented at 12 months
4. The District should contact the Arizona Department of Education as to whether it needs to restate its Annual Financial Reports for fiscal years 2004 through 2007.	Implemented at 6 months Toltec ESD restated its Annual Financial Reports for fiscal years 2004 through 2008.
5. The District should ensure that accounting records are maintained in sufficient detail to demonstrate that Proposition 301 monies are spent in accordance with statute and the District's plan.	Implemented at 6 months

Recommendation

Status/Additional Explanation

CHAPTER 5: Classroom dollars

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for School Districts. **Implemented at 6 months**
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CHAPTER 6: English Language Learner programs, costs, and funding

1. The District should comply with statutory requirements to provide English language acquisition classes for its ELL students. Because of the District's 4 day school week, it should provide 5 daily hours of English language development. **Implemented at 18 months**
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2. The District should begin separately accounting for the incremental portion of ELL costs, and retain supporting documentation to show how those amounts are determined. **Implementation in process**
The District has adjusted the way it accounts for the incremental portion of its ELL costs but, during fiscal year 2010, misclassified some non-incremental costs related to ELL teacher aides. The District has been given guidance to correctly classify these costs.
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