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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

November 5, 2008

The Honorable John Nelson, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Nelson and Senator Blendu:

Our Office has recently completed a 24-month followup of the Alpine Elementary School District's implementation status for the 15 audit recommendations presented in the performance audit report released in October 2006. As the attached grid indicates:

- 14 recommendations have been implemented, and
- 1 recommendation is not 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 October 2006 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

Enclosure

cc: Mr. Mike Cox, Administrator
Governing Board
Alpine Elementary School District

ALPINE ELEMENTARY SCHOOL DISTRICT

Performance Audit Report Issued October 2006

24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
<p>1. The District should review the administrator's workload to determine if a return to a 60-day contract is warranted, now that the move to the new school is complete. The District should also review its administrative costs to identify other potential reductions.</p>	<p>Implemented at 6 Months The District's governing board reviewed the administrator's workload and determined that the position's duties could not be performed in less than 90 days. In fiscal year 2007, the District contracted with a new part-time administrator for a minimum of 90 days but at a lower pay rate. As a result, the District achieved an administrative cost savings of over \$13,000 for that fiscal year.</p>
<p>2. The District should clearly identify any additional duties and the amount of related additional pay in employee contracts prior to the work being performed.</p>	<p>Implemented at 12 Months</p>
<p>3. The District should seek legal counsel advice regarding the legality of two \$2,500 stipends paid to its office manager and whether any repayments are required.</p>	<p>Implemented at 6 Months The District received advice from its legal counsel that the two stipends paid to the office manager were appropriate.</p>
<p>4. The District should improve its expenditure procedures to ensure that all purchases are reviewed and approved prior to being made. The independent review and approval should be performed by an employee who does not initiate the purchase or prepare the payroll.</p>	<p>Implemented at 6 Months</p>
<p>5. To ensure that all travel expenses are reasonable and allowable, the District should require travelers to submit proper documentation. Even when expenses are placed on a personal credit card, travelers should be required to submit supporting documentation, such as hotel receipts and invoices. Further, meals should be reimbursed according to the state meal per diem.</p>	<p>Implemented at 6 Months</p>

Recommendation

Status/Additional Explanation

CHAPTER 2: Food service

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| 1. The District should consider participating in the Special Milk Program. | Implemented at 6 Months
The District's governing board voted not to participate in the Special Milk Program because of the costs to administer the program. |
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| 2. If the District decides to pursue offering a food service program, it should first carefully estimate the costs of such a program, including estimating a potential cost per meal and cost per student. It should also consider other factors, such as meal pricing and other revenue sources, to support the program. | Implemented at 12 Months
The District's governing board determined that it had too few students to implement a cost effective food service program at this time. However, the board decided to revisit this issue annually. |
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CHAPTER 3: Student transportation

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| 1. The District should explore other options for open enrollment student transportation, such as coordinating transportation of open enrollment students with the high school students' transportation to and from Round Valley. | Implemented at 12 Months
The District considered two options for transporting open enrollment students, including transporting them via the bus it currently uses to transport high school students and purchasing a new bus. While the governing board determined that both options were not feasible at this time, members agreed to consider the options in the future if circumstances change. |
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| 2. If open enrollment transportation reimbursement is continued, the District should enter into written contracts with each parent or guardian. The contracts should specify pertinent terms, such as the mileage rate, mileage limits, and the reimbursement claim form to be submitted. | Implemented at 12 Months |
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Recommendation

Status/Additional Explanation

CHAPTER 3: Student transportation con't

3. The District should report only the mileage driven by the parent of an open enrollment student to bring the student to school and back to his or her residence or other designated point when reporting route mileage to ADE.
- Not Implemented**
The District continues to reimburse open enrollment parents for mileage to drive two round trips between the school and home each day because it is awaiting further guidance from the Arizona Department of Education.
- During the 2nd Regular Session of the 48th Legislature, a bill was introduced addressing open enrollment transportation (Senate Bill 1047). However, this bill did not become Law.
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4. The District should discontinue reporting mileage associated with open enrollment students who do not meet the eligibility requirements of the National School Lunch Program.
- Implemented at 6 Months**
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CHAPTER 4: Plant operation and maintenance

1. The District should consider whether it can modify its plant-related staffing needs after the one-time work related to its new facility, such as planting playing fields, is completed.
- Implemented at 6 Months**
The District reviewed its plant-related staffing and decided to maintain it at the current level. According to the District, if it decreased the staffing level, it would have to contract for certain services, which would increase costs
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Recommendation

Status/Additional Explanation

CHAPTER 5: Proposition 301 monies

1. The District should ensure that its Proposition 301 plan also addresses how it will spend base pay and menu option monies, including specifying which of the six allowable options it is addressing.

Implemented at 6 Months

CHAPTER 6: Classroom dollars

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

Implemented at 6 Months

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.

Implemented at 12 Months

As noted above, the District reduced its administration costs by over \$13,000 in fiscal year 2007 when it contracted with a new administrator. Further, the District added an additional part-time teacher position, which increased its classroom spending.
