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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

January 30, 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 Amphitheater Unified School District's implementation status for the 16 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in November 2005. As the attached grid indicates:

- 14 recommendations have been implemented;
- 1 recommendation is in the process of being implemented; and
- 1 recommendation has 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 November 2005 performance audit.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

cc: Ms. Vicki Balentine, Superintendent
Governing Board
Amphitheater Unified School District

Amphitheater Unified School District 24-Month Follow-Up Report to Performance Audit Report Issued November 2005

CHAPTER 1: Administration

Recommendation	Status of Implementing Recommendation	Additional Explanation
<p>1. The District should evaluate whether it can reduce the number of administrative positions to produce cost savings.</p>	<p>Implemented at 24 months</p>	<p>Since 2005, the District has eliminated approximately five administrative positions. According to the District, it continues to evaluate whether the number of administrative positions can be further reduced. For example, the District is currently evaluating proposals for a new student management system that, once in place, would allow the District to consider further reductions in staffing.</p>
<p>2. The District should continue to monitor the costs of its early retirement program to determine whether further changes are needed to reduce the associated costs.</p>	<p>Implemented at 12 months</p>	
<p>3. The District should implement a system of formal written procedures to ensure that access to computer systems and data is based on job responsibilities, passwords are changed on a regular basis, and access is removed when employees leave the District's employment.</p>	<p>Implemented at 12 months</p>	

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CHAPTER 2: Food Service

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. The District should consider recovering all food service program-related costs, including indirect costs, such as electricity.	Implemented at 12 months	
2. The District should monitor salary and benefit costs with the goal of limiting these expenditures to no more than 50 percent of food service revenues.	Implemented at 18 months	
3. The District should require the food service staff to inventory snack bar items to help ensure that cash sales have been accounted for properly.	Not implemented	While the District has established written procedures for inventorying snack bar and a-la-carte items, auditors' observations of the process continued to find that the procedures were not being properly followed. For example, at one school cafeteria, the employee performing the end-of-day inventory failed to count all unsold items.

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CHAPTER 3: Student Transportation

Recommendation	Status of Implementing Recommendation	Additional Explanation
<p>1. To help reduce costs, the District should evaluate awarding its special needs transportation contract to the lowest-cost vendor that can meet all requirements. In addition, the District should ensure that vendor routes are efficient and effective and should consider using its own computerized routing system to develop these routes. Further, in its requests for proposals, the District should specify only the necessary descriptive information related to the services it desires, and it should subsequently hold vendors to the agreed-upon contract terms.</p>	<p>Implemented at 24 months</p>	<p>According to the District, it continues to contract with more than one vendor to transport special needs students because the lowest cost vendor lacks sufficient capacity to meet all of the District's needs. However, the District has made other changes to help reduce the costs associated with contracted transportation. Specifically, the District designed the special needs student routes, and it no longer allows vendors to charge additional fees above the mileage charges to transport students to and from school.</p>
<p>2. In its bus driver training program, the District should reinforce knowledge of the conditions that would prevent a driver from maintaining certification and the requirement for drivers to notify the District of significant changes in their physical condition or medical treatment. In addition, the District should strengthen its disciplinary policies to describe the potential consequences for failing to comply with this requirement, including the possibility of leave without pay, pay reductions, and termination, and discuss these policies as part of its training activities. The District should also develop a policy that requires it to assess the risks of allowing drivers taking certain medications, such as prescription narcotics, to transport children.</p>	<p>Implemented at 12 months</p>	

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CHAPTER 3: Student Transportation (Concl'd)

<p>3. The District should continue to evaluate reinstalling the lock system on its fuel pumps to prevent unauthorized usage and more accurately track how its fuel is being used.</p>	<p>Implemented at 12 months</p>	<p>The District reinstalled the fuel pump lock system. The system provides a unique key for each bus and requires employees to enter the bus number and odometer reading before it allows fuel to be dispensed.</p>
<p>4. The District should implement a tracking method to ensure that it performs bus preventative maintenance activities in a timely manner.</p>	<p>Implemented at 24 months</p>	
<p>5. Before submitting them to ADE, the District should analyze its route mileage reports to ensure their accuracy, including separately reporting mileage for activities such as fieldtrips and athletics.</p>	<p>Implemented at 6 months</p>	

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CHAPTER 4: Plant Operation and Maintenance

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. The District should review staffing levels, in particular its district- and school-level security and monitoring staff, to determine whether the number of plant operation and maintenance positions can be reduced and savings can be redirected into the classroom.	Implementation in process	According to the District, it will review its night security staffing levels to determine whether reductions can be made. However, as reported previously, the District is not willing to reduce its day security staff because of its schools' climate.

CHAPTER 5: Proposition 301 monies

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. The District should ensure that its Proposition 301 plan also addresses how it will spend base pay and menu option monies, including which of the six allowable options it is addressing.	Implemented at 12 months	
2. The District should ensure that it revises its Proposition 301 plan if payment criteria are changed and that any changes are formally approved by the Governing Board.	Implemented at 6 months	

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CHAPTER 6: Classroom Dollars

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.	Implemented at 24 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 24 months	The District has implemented zero-based budgeting for its departments, which takes into account the departmental needs and goals without referring to the previous year's budget. According to the District, this process includes analyzing each department's cost effectiveness.

CHAPTER 7: Desegregation monies—No Recommendations