

BISBEE UNIFIED SCHOOL DISTRICT #2

100 Old Douglas Road
Bisbee, AZ 85603



April 4, 2006

District

Superintendent,
Mr. McDonald
NCLB Director,
Mrs. Goldsmith
Business Manager,
Mrs. Taylor
(520) 432-5381
(520) 432-7622 - Fax

Bisbee High School

Principal, Mr. Creviston
Dean, Mr. Giacoletti
(520) 432-5714
(520) 432-6105 - Fax

Lowell School

Principal, Mrs. Romo
(520) 432-5391
(520) 432-6106 - Fax

Bisbee Middle School

Principal, Mr. May
(520) 432-6100
(520) 432-6139 - Fax

Greenway School

Principal, Mr. Taylor
(520) 432-4361
(520) 432-6121 - Fax

Special Education

Coordinator, Mrs. Dever
(520) 432-5381
(520) 432-7622 - Fax

Facilities/Transportation

Manager, Mr. Kemery
(520) 432-6112

Food Service

Manager, Mrs. Leiendecker
(520) 432-5714

Technology

Coordinator, Mr. Jarboe
(520) 432-5381

State of Arizona Office of the Auditor General
Debbie Davenport, Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

This letter is to serve as a preliminary response to our audit report completed in March 2006 on the District's fiscal year 2004.

Bisbee Unified School District #2 appreciates the opportunity to have the Auditor General's staff visit our school district. It has provided another view of the way in which we spend our education dollars. We appreciate the opportunity to respond because we believe we have some unique qualities we would like to acknowledge. We thoroughly enjoyed having the Auditor General's staff in the district; they provided us with a great deal of information with which to make BUSD a better district. Listed below are comments relating to each chapter and responses to each recommendation:

Chapter 1: Administration

Recommendations:

1. The District should review its school-level administrative costs to determine if they can be reduced.

District Response: The District agrees with the finding and will engage in dialog regarding this finding.

2. 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 an independent review and approval.

District Response: The District agrees with the finding and has implemented the recommendation.

Controls have been set in the District's accounting software allowing only the Business Manager to enter Vendors. All expense and payroll vouchers are thoroughly reviewed and approved by the Business Manager before they are transmitted to the County School Office for processing.

3. The District should improve its purchasing and accounts payable procedures to ensure that purchases are reviewed and approved by an authorized supervisor prior to being made. In addition, the independent review and approval should be preformed by an employee who does not also maintain the accounting records.

District Response: The District agrees with the finding and has implemented the recommendation.

Requisitions are first approved by Building Supervisors in regards to the appropriateness of the purchase. They are then co-signed by the Business Manager to insure budget capacity and procurement mandates. All expense vouchers are thoroughly reviewed and approved by the Business Manager before they are transmitted to the County School Office for processing.

Chapter 2: Food Service

Recommendations:

1. To help identify potential cost reductions and keep the program self-supporting the District should develop and monitor performance measures, such as cost per meal and meals per labor hour, and compare them with similar districts.

District Response: The District agrees with the finding and will implement the recommendation.

The District has contracted Linda Rider and Rich Crandall with CNResource to help implement these and a Wellness Policy for our district. Their first visit will be April 24, 2006.

2. The District should more accurately determine the number of a la carte items sold, such as counting items on the racks before and after each lunch period, to ensure that cash sales have been accounted for properly.

District Response: The District agrees with the finding and has implemented the recommendation.

During the 2004-2005 a new Food Service Manager was hired and under her direction, a daily count of all a la carte items was implemented. This is currently being done throughout the district where a la carte items are sold.

Chapter 3: Student Transportation

Recommendations:

1. The District should maintain documentation of all bus routes and review them periodically to evaluate whether they are as efficient as possible, taking into account the amount of time students spend on the bus and the percentage of bus capacity used.
2. The District should keep complete bus maintenance and inspection files. This information will aid in making decisions on when to maintain, repair, or replace buses and to ensure that the program is meeting the minimum standards.
3. To aid in evaluating the costs and efficiency of its transportation program, the District should develop and monitor performance measures, including cost per mile, cost per rider, driver productivity, bus capacity utilization, and ride times.

District Response: The District agrees with the finding and has implemented most of the recommendations during the 2004-2005 school year. However, the District will continue to monitor and implement the remaining recommendations, as soon as possible.

During the FY 2004-2005 a new Transportation Manager was hired. To assist the manager a computerized software program was implemented with necessary training allowing for complete use during the 2004-2005 school year. This program has assisted the District in creating routes where students spend as little time on the bus as possible and analyzing bus capacity to ensure utilization of each bus is maximized.

Chapter 4: Plant Operation and Maintenance

Recommendations:

1. The District should review ways to reduce excess building space and determine methods to offset the costs of maintaining any remaining excess space, such as renting out unused facilities.

District Response: The District agrees with the finding and will implement the recommendation.

The Governing Board and community will engage in a dialog regarding this issue and bring forward possible ways of using excess space. During this dialog the possibility of closing one school will be discussed and considered.

2. The District should review ways to reduce its high water and sewage costs to bring them more in line with comparable districts.

District Response: The District agrees with the finding and will implement the recommendation.

The District is in the process of researching this finding. It is believed that water rates in the Bisbee area are much higher than other areas of Arizona. The District is also in the process of installing a water timing system to reduce excessive watering.

3. The District should dispose of damaged, outdated, and unnecessary inventory items and records. Further, it should stop storing non-district property on its campuses or charge a fee for this use of school facilities.

District Response: The District agrees with the finding and has implemented the recommendation.

The District is in the process of implementing this recommendation. To date, we have removed all non-district property from all campuses and have begun disposing of unnecessary outdated records.

Chapter 5: Proposition 301 Monies

Recommendations

The District's plan for spending its Proposition 301 monies was complete, addressing how its base pay, performance pay, and menu option monies were to be spent.

District Response: The District agrees with the finding and has NO recommendations to implement. The District is very pleased with this finding.

Chapter 6: Classroom Dollars

Recommendations

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

District Response: The District agrees with the finding and has implemented the recommendation.

The District has and will continue to attend trainings provided by groups such as AASBO and the audit firm of Heinfeld & Meech to be aware of the latest interpretations of coding within the Chart of Accounts.

2. The District should closely analyze its spending in non-instructional areas to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.

District Response: The District agrees with the finding and has implemented the recommendation.

The District will continue to try to direct more of its spending into the classroom. Unfortunately, a large portion of the district's expense must support areas such as special education-required purchased services, food service, transportation, and utilities, just to name a few, which do ultimately support our students, but are not coded to 1000.

The District looks forward to meeting with your team in six months to discuss how we have implemented the recommendations.

Sincerely,

Paul McDonald
Superintendent