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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

October 21, 2011

The Honorable Rick Murphy, Chair
Joint Legislative Audit Committee

The Honorable Carl Seel, Vice Chair
Joint Legislative Audit Committee

Dear Senator Murphy and Representative Seel:

Our Office has recently completed a 12-month followup of the J.O. Combs Unified School District's implementation status for the 7 audit recommendations presented in the performance audit report released in August 2010. As the enclosed grid indicates, the District has implemented all recommendations.

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 August 2010 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Ms. Gayle Blanchard, Superintendent
Governing Board
J.O. Combs Unified School District

J.O. COMBS UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued August 2010

12-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: High transportation costs reflect District's growth and geographic size, but some improvements needed	
1. The District should review its routes, especially its preschool special needs routes, to determine whether it can increase efficiency and lower costs.	Implemented at 6 months
2. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures, such as cost per mile, cost per rider, and bus capacity utilization.	Implemented at 12 months District officials are now calculating cost per mile, cost per rider, and bus capacity utilization on a monthly basis and reviewing these measures to make necessary adjustments to increase efficiency within the transportation program. For example, based on capacity calculations, district officials recently consolidated some routes with low ridership and estimate that these changes will save the District over \$34,000 annually.
3. As specified in the State's <i>Minimum Standards for School Buses and School Bus Drivers</i> , the District should ensure that bus preventative maintenance and repairs are conducted and documented.	Implemented at 12 months
FINDING 2: Proper district oversight leads to low food service costs	
No recommendations	
FINDING 3: Inadequate controls increased risk of errors and fraud	
1. The District should implement proper controls over its payroll processing to ensure adequate separation of responsibilities and proper documentation and approval of additional pay.	Implemented at 6 months
2. The District should ensure that it requires an independent review and approval for all of its purchases prior to the purchases being made.	Implemented at 12 months The District has begun implementing an electronic process for the review and approval of all purchases. Additionally, the District is enforcing its policy that potentially holds employees personally liable if they do not have approval prior to making purchases.

Recommendation	Status/Additional Explanation
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3. The District should limit employees' access to its computerized accounting system so that no one individual is able to complete a transaction without an independent review and approval.	Implemented at 12 months
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OTHER FINDINGS: District has not developed and formally documented Information Technology policies and procedures

1. The District should develop, formally document, and implement all needed Information Technology policies and procedures to ensure the security and integrity of its computerized information.	Implemented at 6 months
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