
LITCHFIELD ELEMENTARY SCHOOL DISTRICT #79

July 28, 2006

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

RE: Responses to our 2004-05 Performance Audit

Dear Ms. Davenport:

Please accept this as our written response to the performance audit of the Litchfield Elementary School District. We would like to thank you and your staff for the professional manner in which the audit was conducted. Knowing the amount of time and money spent by your office to perform this audit we gladly welcome your performance improving recommendations.

The results of this audit indicate to us we have been doing an outstanding job running the Litchfield Elementary School District. We are especially proud of the fact that you have made no recommendations to improve our plant operation and maintenance departments. We are also pleased you have noted we have next to the lowest administrative cost per pupil and next to the lowest number of administrative staff members per pupil compared to comparable districts.

Your recommendations for other areas of the District's operations are not viewed as criticism but ideas to assist the District in squeezing out additional performance and efficiencies. The District has already changed its employment contract language and improved our performance pay (bonus) plan to ensure the District is following the letter of the law when it comes to employee compensation.

Enclosed you will find our official written responses to each of the audit recommendations. If you have questions on any of these responses, please do not hesitate to contact us.

Thank you,

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Business Manager

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The following are the Litchfield Elementary School District's (District) responses to the 2006 Performance Audit performed by the Arizona Auditor General's office.

Chapter 1: Administration

1. We concur with the finding and have already improved our employment contract language to be more specific on the terms of Performance Pay. The District has also developed a more detailed Performance Award Plan identifying who is eligible to receive an award, the evaluation process and the possible dollar amounts. The 2006-07 contract language and the award plan were approved at our May, 2006 Governing Board meeting. Prior to the notification of this audit (December 2004), the Governing Board voted to end the Performance Pay system for non-contracted classified employees. The only groups now eligible for performance awards are teachers, department directors and district administrators.
2. The District is currently working with legal counsel to obtain a legal opinion on the legality of performance awards paid in 2004-05 and if any repayment will be necessary.

Chapter 2: Food Service

1. We concur with the finding and the recommendation. Beginning July 2006, payment reports are reconciled to the related bank account deposits.
2. We concur with the finding and the recommendation. A request to modify the contract to require the vendor to retain responsibility for the security of its credit card processing and storage was sent to the vendor on July 21, 2006.
3. We concur with the finding and the recommendation. The District has implemented new procedures for the 2006-07 school year. These procedures require a different cashier to count the snack bar cash drawer and prepare the deposit. This deposit is then transported to the District Food Service Office where the deposit is reconciled against the daily computer sales printout. A weekly reconciling of inventory purchased versus inventory sold is completed by the cook, coordinator or supervisor to verify sales figures.

Chapter 3: Student Transportation

1. We concur with the finding and recommendation and have already taken steps to enable the District to more accurately collect data as it relates to driver productivity. We have purchased and are in the process of implementing an automated employee time clock system. This system will improve our tracking of bus drivers time spent on regular routes compared to athletic routes, fieldtrips and

other duties. The District is also gathering information on fleet management computer software with the hopes of capturing and analyzing data relating to transportation cost per mile.

Chapter 4: Plant Operation and Maintenance

There were no findings or recommendations for this part of the audit.

Chapter 5: Proposition 301 Monies

1. We concur with the finding and recommendation. The District will create a comprehensive written 301 plan which will specify how we spend all 301 budget allocation. The plan will identify all menu options for each school as well as which employees are eligible for increases and how we will allocate base pay and performance pay monies.

Chapter 6: Classroom Dollars

1. We concur with the finding and recommendation. The District has made the appropriate coding changes identified from the audit. We have also implemented a process to have an additional employee double check coding in an attempt to reduce coding errors.
2. We concur with the finding and recommendation. The Litchfield Elementary School District will continue to seek additional competitive grant funding to supplement classroom instruction. The District's relatively low poverty level coupled with our high achievement profile had made it difficult in presenting a case for additional funding, necessary in competitive grant funding.
3. We concur with the finding and recommendation. The District reasserts that instructional support for teachers new to the profession and the purchase of technology equipment is of greatest importance in maintaining outstanding student achievement amidst rapid growth.

The District will review non-instructional spending to determine if savings can be achieved and whether some of these monies can be redirected to the classroom.