



September 30, 2010

Debbie Davenport
Auditor General
2910 N 44th Street, Suite 410
Phoenix, AZ 85018

RE: Response to Palo Verde Elementary School District 49 Performance Audit

Dear Ms. Davenport:

Palo Verde Elementary School District respectfully submits our written response to the performance audit conducted by the Auditor General for fiscal year 2009. We would like to thank you for the professionalism, courtesy, and consideration displayed by your manager and office staff throughout the audit process.

Thank you for acknowledging, in Finding 2 and Finding 3, our efficiency of plant operations and our success with students. Your recommendations for Finding 1 and the Other Finding of less significance are addressed as follows.

Finding 1: Slightly higher administrative costs due to administrative staffing differences.

Recommendation: The District should review its administrative costs to determine if savings can be achieved and if some of these monies can be redirected to the classroom.

Response: The District agrees with and has begun implementation of the recommendation. While realizing the values, as mentioned in the audit, of having the additional administrative positions which allow for more time to be involved in issues that affect the district, and more time to be involved directly with teachers and students to influence their success, we have begun to staff those same positions with teachers-on-assignment. This has allowed us to continue to provide for the same attention to our success, but at less cost to the District.

Also, in the subsequent fiscal year, the District was able to decrease administrative costs through an agreement by the superintendent to accept an alternative contract which decreased the superintendent salary by 15%. Additionally, administrative cost savings were realized through the implementation of 7 furlough days in each administrative contract.

Other Findings: Inadequate controls over accounting system.

Recommendation: The District should limit employees' access to only those accounting system functions needed to perform their job responsibilities.

Response: The District agrees with and will implement the recommendation by requesting that Maricopa County remove the Business Manager's access to the accounting software security module which will eliminate her ability to change employees' system access. We recognize the risks of fraud or abuse in a small organization such as ours, and will continue our practice of detailed review and oversight of transactions and segregation of duties while we determine if any additional system modules or access can be limited without hindering operations.

This concludes our official written response to each of the audit recommendations. If you have any further questions, please feel free to contact us.

Sincerely,

Robin L. Berry
Superintendent