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January 29, 2016

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed a 6-month followup of the Scottsdale Unified School District's implementation status for the 9 audit recommendations presented in the performance audit report released in May 2015. As the enclosed grid indicates:

- 2 recommendations have been implemented, and
- 7 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Dr. Denise Birdwell, Interim Superintendent
Governing Board
Scottsdale Unified School District

SCOTTSDALE UNIFIED SCHOOL DISTRICT

Auditor General Performance Audit Report Issued May 2015

6-Month Follow-Up Report

Recommendation	Status/Additional Explanation
FINDING 1: District had higher administrative costs, inaccurately reported its costs, and needs to strengthen computer controls	
1. The District should evaluate its administrative positions and the related duties and salaries to determine how it can reduce administrative costs.	<p>Implementation in process District officials stated that some administrative positions had been eliminated since the audit year, and based on auditors' review of fiscal year 2015 accounting records, the District's per pupil administrative costs in fiscal year 2015 were only 2 percent higher than comparable districts, much closer than the 11 percent difference identified in the audit year. However, the District failed to provide auditors with details of which administrative positions were eliminated, and according to district officials, some of the eliminated administrative positions were restored in fiscal year 2016. Therefore, auditors will review the District's administrative costs during a future followup after the completion of fiscal year 2016.</p>
2. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	<p>Implementation in process Auditors reviewed the District's fiscal year 2016 year-to-date accounting records and determined that the District has begun correctly classifying transactions that had been identified during the audit as being misclassified. Auditors will review the District's classifications of transactions during a future followup when final and complete fiscal year 2016 accounting records are available.</p>
3. The District should eliminate or disable generic user accounts in its accounting and student information systems.	<p>Implemented at 6 months</p>
4. The District should ensure that it promptly removes terminated employees' IT systems access.	<p>Implemented at 6 months</p>
5. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies.	<p>Implementation in process The District has developed a disaster recovery plan but has not yet tested the plan. The District has scheduled a test of the plan, and district officials stated that they will use the test results to evaluate and modify the plan as needed. Auditors will review this recommendation again during the 12-month followup after the District has tested the plan.</p>

Recommendation

Status/Additional Explanation

FINDING 2: District should continue to review options to address its excess building capacity

1. The District should continue to review its building capacity usage to evaluate how it can reduce its excess building space.

Implementation in process

District officials reported that the District is currently reviewing its building space and utilization. Auditors will review this recommendation again during the 12-month followup.

FINDING 3: High transportation costs and some records could be improved

1. The District should closely review its bus routes to determine how it can improve its route efficiency.

Implementation in process

The District has eliminated some bus stops, bus routes, and bus driver positions. However, its costs per mile and per rider remained higher than peer districts' in fiscal year 2015, indicating a need for additional improvements. District officials stated that they are continuing to review and improve the bus routes and are planning to move from using two routing software programs to one program in fiscal year 2016, which they believe will allow them to better monitor and improve the efficiency of bus routes. Auditors will continue to review the District's efforts to improve the efficiency of its bus routes during future followups.

2. The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage to help evaluate and improve the efficiency of its transportation program.

Implementation in process

The District has begun collecting some of the information needed to calculate performance measures but has not yet calculated or used such measures to evaluate its program. Auditors will review this recommendation again during the 12-month followup.

3. The District should improve its records summarizing the number of transportation miles and riders reported.

Implementation in process

The District has developed an improved method of summarizing its number of miles traveled and riders transported. Auditors will review this recommendation again during the 12-month followup after the District has reported fiscal year 2016 miles and riders to the Arizona Department of Education.