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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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November 3, 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 24-month followup of the Tempe Union High School District's implementation status for the 15 audit recommendations presented in the performance audit report released in September 2009. As the enclosed grid indicates:

- 11 recommendations have been implemented, and
- 4 recommendations are in the process of being implemented.

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 September 2009 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bl
Enclosure

cc: Mr. Kenneth Baca, Superintendent
Governing Board
Tempe Union High School District

TEMPE UNION HIGH SCHOOL DISTRICT

Auditor General Performance Audit Report Issued September 2009 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. The District should strengthen its controls over cash receipts by separating cash-handling and record-keeping responsibilities, following up in a timely manner on any inconsistencies in deposits, and providing revenue and expenditure reports to student club sponsors monthly.	Implementation in process The District is now verifying that deposits match point-of-sale system reports and that deposits are made timely. However, the District is not reviewing originating documents for collections made outside of the point-of-sale system, is not adequately reviewing cash overages or shortages, and has not properly separated cash-handling and record-keeping responsibilities at four of its schools. District officials stated that they plan to continue working on implementing this recommendation.
2. The District should discontinue paying for meals for employees who are not on travel status.	Implemented at 6 months
CHAPTER 2: Student transportation	
1. The District should ensure that the fuel card sign-out sheet is properly completed and reconcile receipts to credit card statements to ensure purchases are appropriate and reasonable prior to payment.	Implemented at 18 months
2. The District should ensure that bus preventative maintenance is conducted and documented as specified in the State's <i>Minimum Standards for School Buses and School Bus Drivers</i> .	Implemented at 6 months
3. 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 18 months
4. The District should maintain adequate documentation to support the number of miles reported for state-funding purposes.	Implemented at 18 months

Recommendation

Status/Additional Explanation

CHAPTER 3: Plant operation and maintenance

1. The District should review the use of space at each of its high schools and determine ways to reduce identified excess space.

Implementation in process

The District's plan continues to be to reduce excess space by increasing student enrollment. Based on district-reported numbers, the District's number of students has increased by 6 percent since the audit year, and initial fiscal year 2012 enrollment numbers show an additional 3 percent increase. However, Tempe UHSD has not seen the full benefit of this increased enrollment in its building capacity utilization rate because the District began renting an elementary school from a neighboring district to house part of Tempe UHSD's alternative program. In total, the District has successfully increased its building capacity utilization rate from 64 percent in fiscal year 2008 to a better, but still low 70 percent in fiscal year 2012. The District should continue to closely monitor its enrollment each year and consider other ways to reduce excess space if it does not continue to see increases in enrollment.

CHAPTER 4: Proposition 301 monies

1. The District should review its group performance goal and ensure that it promotes improved performance and that only employees who participate in achieving the stated goal or perform the additional work receive the performance pay.

Implemented at 12 months

2. The District should ensure that it pays eligible employees' base, performance, and menu options pay in accordance with its board-approved plan.

Implemented at 6 months

3. The District should ensure that Proposition 301 monies are used to supplement rather than supplant other monies.

Implementation in process

The District has corrected the issue with its certified salary schedule by increasing the percentage of non-CSF monies going toward each step of the salary schedule. However, the District's classroom dollars percentage has remained relatively stable instead of moving closer to a percentage indicative of maintenance of effort. District officials indicated that they plan to continue to try to increase classroom spending.

4. The District should reimburse the Classroom Site Fund for monies supplanted in fiscal year 2008 and work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget.

Implemented at 24 months

Recommendation

Status/Additional Explanation

CHAPTER 5: Classroom dollars

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| 1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts. | Implemented at 6 months |
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CHAPTER 6: English Language Learner programs, costs, and funding

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| 1. The District should ensure its SEI program meets all state requirements, including only using ILLPs when permitted to do so and ensuring that ELL students receive the required hours of ELD instruction. | Implementation in process
The District submitted a corrective action plan to the Arizona Department of Education (ADE) to address the changes needed to become compliant with state requirements. ADE will be reviewing the District's program in 2012 to determine if it meets all state requirements. |
| 2. To ensure proper funding, the District should accurately report its number of ELL students. | Implemented at 6 months |
| 3. The District should properly account for the incremental portion of its ELL costs. | Implemented at 12 months |
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