Tempe★Union
HIGH SCHOOL DISTRICT

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Steven R. Adolph
Superintendent

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August 28, 2009

Debra Davenport, Auditor General
State of Arizona
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

Tempe Union High School District is in receipt of the report presented by the Office of the Auditor General which summarizes the Performance Audit conducted in compliance with ARS §41-1279.03. The District understands that the auditors must examine multiple aspects of the District's operations and establish comparable districts from which to assess and analyze data in order to reach their conclusions and recommendations. Tempe Union High School District is appreciative of the magnitude of this task, and we commend the professionalism and courtesy extended to our staff members by the auditors.

The attached document provides the District's response to each of the recommendations included in the Performance Audit. In most cases the District has already implemented processes and procedures that will more closely monitor these strategic support operations and ensure that all available resources are appropriately and responsibly utilized.

We at Tempe Union High School District welcome the opportunity to examine every facet of our educational operation, and are always open and receptive to ideas for improvement. The District mission statement expresses a commitment to "Excellence in Teaching and Learning", and we are confident that all aspects of our organization are aligned with that mission.

If you have questions regarding any of the responses contained in the attachment, please do not hesitate to contact us.

Sincerely,

Steve Adolph
Superintendent

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Governing Board

Robin S. Arredondo-Savage D. DeeAnne Clowes Michelle I. Helm Zita M. Johnson Mary Lou Taylor

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.**

   The District concurs and has already implemented this recommendation. The employee responsible for the alleged bookstore theft was terminated in September 2008, soon after the discrepancy was discovered. Additional procedures for timely review and monitoring of bank deposits have been put in place. The Accounting Department has been reorganized to create capacity for a bookstore supervisor position to ensure that the District's processes and procedures are being followed. This new supervisor position has been filled and is performing daily audits of our six bookstores. This issue was indentified and corrective action was implemented before the performance audit began.

2. **The District should discontinue paying for meals for employees who are not on travel status.**

   The District concurs with this recommendation and has discontinued paying for meals when employees are not on travel status. It is important for the readers of this report to know that the funds used for the identified purchases were not derived from tax revenues.

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.**

   The District concurs with this recommendation and additional procedures have been put into place to thoroughly and consistently monitor the use of fuel cards. Additionally, receipts will be reconciled to the statements before payment is authorized.

2. **The District should ensure that bus preventative maintenance is conducted and documented as specified in the *State's Minimum Standards for School Buses and School Bus Drivers*.**

   The Districts concurs with this recommendation and a process has been implemented to ensure that preventative maintenance is being performed and documented at a level that will meet or exceed the mandated standards.

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.**

   The District concurs with this recommendation and will continue to look at additional performance measures. This performance audit report validates that the District already operates a very efficient transportation program.

4. **The District should maintain adequate documentation to support the number of miles reported for state-funding purposes.**

   The District concurs with this recommendation and a process has been implemented to ensure mileage numbers are reported correctly and support documentation is retained. This system ensures the numbers will be documented, maintained correctly and consistently, and in compliance with the rules and regulations as set forth by the Arizona Department of Education.

Plant Operations 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.**

   The District concurs with this recommendation and recognizes that there is available capacity in some of our high schools. The District has implemented a variety of programs to increase enrollment at our underutilized campuses. Tempe High houses the International Baccalaureate program; McClintock High School is home to the Peggy Payne Academy for gifted students; and Compadre High School provides a smaller environment and flexibility for a diverse student population with educational requirements not suited for a traditional setting. Preliminary enrollment information indicates that the number of students attending these programs has increased, and will continue to grow with the success that has been demonstrated.

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.**

   The District concurs with the recommendation that the group performance goal should be strengthened. We plan to make modifications to the goal this year and expect further refinement of the goal in the future as the district moves to a modified testing program that may include formative assessments.

The district concurs with the recommendation that "employees who participate in achieving the stated goal" should receive the performance pay; we believe we are doing that. Great attention is given to student performance in math and language arts learning; goals related to these subjects are in all of our schools' Improvement Plans and are woven throughout all subject areas. High student performance on mandated tests is the result of all certified staff working in a coordinated and focused manner to achieve the group goal. This is clearly evidenced by the 2008-09 school year statistic which indicates that over 80% of our sophomore students met or exceeded the state standard in all three content areas as measured by the AIMS; specifically, 84% in reading, 81% in math, and 85% in writing.

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

   The District concurs with the recommendation. A revised performance pay plan that accurately describes all uses of the Proposition 301 performance funds will be presented to the Governing Board for approval.

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

   The District concurs with this recommendation and believes that it has complied with this requirement. In fiscal year 2007-08, the District gave all staff members a 1% stipend out of our Maintenance and Operation fund; this pay stipend was not included in the Auditor General's calculation. Also, the District used $1.3 million of Maintenance and Operation funds to cover our retiree health benefits in order to meet our GASB OPEB requirement. The District believes that both of these points should be considered in the determination of whether supplanting occurred.

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**

   The District will comply with this recommendation even though we believe that the method used to determine the amount to reimburse was not calculated with consideration for the points identified in the district's position on recommendation #3, above. The District plans to make the corresponding adjustments in fiscal year 2008-09.

Classroom Dollars

1. **The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.**

   The District concurs with this recommendation and has begun to implement this recommendation. The Accounting Department has been reorganized to create capacity for a budget specialist position charged with ensuring that all coding for payroll and non-payroll expenditures is done in accordance with the Uniform Chart of Accounts. Additionally, all Accounting Department staff members are now receiving additional training in this area. Training will also be made available to campus and other support departments on an ongoing basis.

English Language Learner Program, Costs and Funding

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.**

   Tempe Union High School District concurs with this recommendation. The District will work with the Office of Language Acquisition Services to ensure that its SEI program, including use of ILLPs, is in compliance with ADE guidelines.

2. **To ensure proper funding, the District should accurately report its number of ELL students.**

   The District concurs with this recommendation. Tempe Union will put measures in place to ensure that its uploading of ELL student data to SAIS is accurate.

3. **The District should properly account for the incremental portion of its ELL costs.**

   Tempe Union High School District concurs with this recommendation. The District will follow coding guidelines as directed by the Uniform System of Financial Reporting.