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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

November 23, 2009

The Honorable Thayer Verschoor, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Senator Verschoor and Representative Burges:

Our Office has recently completed a 24-month followup of the Union Elementary School District's implementation status for the 17 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in August 2007. As the attached grid indicates:

- 15 recommendations have been implemented; and
- 2 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 August 2007 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

Enclosure

cc:

Dr. Patricia Gillespie, Superintendent
Governing Board
Union Elementary School District
Mr. Peter S. Davis, Receiver
Simon Consulting, LLC

UNION ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued August 2007

24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
CHAPTER 1: Administration	
1. The District's administration should take any necessary steps to control costs in all non-instructional areas, including administration, to avoid overspending its M&O Fund budget.	Implemented at 24 months Since fiscal year 2006, the District has reduced its plant operation and maintenance per square foot costs by 23 percent and its transportation per pupil costs by 64 percent. The District has also restructured the configuration of its schools allowing it to eliminate one principal position and one office manager position, which should save the District more than \$100,000 in administrative costs in fiscal year 2010. Additionally, the District has kept its M&O expenditures within its General Budget Limits for fiscal years 2008 and 2009.
2. The District should ensure that it follows competitive purchasing rules when purchasing goods and services.	Implemented at 24 months
CHAPTER 2: Student Transportation	
1. The District should ensure that it properly procures any contracted transportation services. Further, the District should establish and maintain written contracts with the special needs transportation vendors and require detailed invoices so that it can ensure that it is being correctly billed for the services provided	Implemented at 6 months
2. The District should develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity utilization.	Implementation in process The District recently hired a new transportation director. According to the District, the new director will begin collecting data and monitoring performance measures during the current fiscal year.
3. The District should ensure that drivers continue to record the miles driven and riders transported, and use this information to accurately report to the ADE.	Implemented at 24 months

Recommendation	Status/Additional Explanation
4. The District should ensure that vehicle preventive maintenance and random drug and alcohol tests for bus drivers are conducted and documented as specified in the <i>Minimum Standards</i> .	<p>Implementation in process</p> <p>Although the District has made improvements in this area, auditors noted the following concerns. The District performed preventative maintenance services on only 2 of its 12 buses in fiscal year 2009. No preventative maintenance has been performed on any of the District's buses to date in fiscal year 2010. Further, while the District performed random drug and alcohol testing in May 2009, it tested only 5 of its 12 drivers, or 42 percent. However, state <i>Minimum Standards</i> require that 50 percent of a district's bus drivers receive random drug and alcohol testing each year. According to the District, its new transportation director will work to ensure that these <i>Minimum Standards</i> are met during fiscal year 2010.</p>

CHAPTER 3: Plant Operation and Maintenance

1. To avoid continued overspending of its Maintenance and Operation Fund budget, the District should review its staffing levels and the amount of overtime worked by staff to:	Implemented at 12 months
a. Determine whether the number of plant operation and maintenance positions can be reduced, and	Implemented at 12 months
b. Identify ways to reduce or eliminate the amount of overtime worked by plant employees, such as by coordinating maintenance and school bus schedules.	
2. To reduce its water expenditures, the District should monitor water usage at each of its schools and work to isolate high usage areas and identify steps it can take to reduce usage.	<p>Implemented at 24 months</p> <p>Between fiscal years 2008 and 2009, the District reduced its water usage by 14 percent and has recently developed a conservation plan, which includes steps to further reduce water usage.</p>
3. To reduce its electricity expenditures, the District should develop a district-wide energy conservation plan, which could include monitoring energy usage at each site based on each site's particular facilities and equipment. Further, the district should educate staff and students about energy conservation and encourage them to help reduce the districts energy use.	<p>Implemented at 24 months</p> <p>Since fiscal year 2006, the District's per-square-foot electricity costs have decreased by 15 percent. The District also recently developed a conservation plan to further reduce electricity usage.</p>
4. The District should evaluate its phone and data needs as it plans to add another school in August 2007 and determine how to balance these needs with maintaining lower costs.	<p>Implemented at 24 months</p> <p>Since fiscal year 2006, the District's per-square-foot phone and data communications costs have decreased by 59 percent.</p>

Recommendation**Status/Additional Explanation****CHAPTER 4: Proposition 301 monies**

1. The District should ensure that its Proposition 301 plan also addresses how it intends to spend base pay and menu option monies. Specifically, the plan should list the positions eligible for and the expected amount of any pay increases, and it should identify which of the six allowable menu options are being addressed.

Implemented at 6 months

2. The district should ensure that it follows all of the provisions of A.R.S. §15-977 regarding performance-based compensation system, including having the governing board adopt its Proposition 301 plan at a public meeting.

Implemented at 6 months

CHAPTER 5: Classroom Dollars

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

Implemented at 24 months

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

Implemented at 24 months

The District has reduced its transportation and plant operations costs, and has reconfigured its schools to provide further savings in fiscal year 2010.

3. The District should review available programs and try to gain additional federal and state program monies to supplement funding available for its classrooms.

Implemented at 12 months

CHAPTER 6: English Language Learners program, costs, and funding

1. Once the ELL Task Force has adopted SEI models the District should ensure it appropriately modifies its ELL programs and instruction methods. In particular, the District should comply with the requirement to provide 4 hours of English language acquisition in an ELL student's first year.

Implemented at 18 months