



HOLBROOK UNIFIED SCHOOL DISTRICT #3



December 12, 2017

Ms. Debra K Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Ms. Davenport,

The Holbrook Unified School District respectfully submits the following response to the letter dated November 14, 2017 regarding the preliminary performance audit report for the Holbrook Unified School District #3.

The performance audit findings and recommendations provided to the Holbrook Unified School District will help the District ensure we continue to operate in the most efficient and effective manner possible. The Holbrook School District is committed to finding solutions to improve upon the recommendation of the Auditor General as outlined in the report.

The Holbrook School District appreciates the professionalism displayed by the Arizona Auditor General's staff throughout the auditing process.

Respectfully Submitted,

Dr. Robbie Koerperich
Superintendent

Finding 1: District lacked a delayed payroll process to pay some hourly employees and needs to strengthen computer controls

District Response: The Holbrook School District concurs with this finding and will take steps necessary to correct these findings.

Recommendation 1: The District should establish a delayed payroll process for all hourly employees as required by the *USFR* to help ensure that they are appropriately paid.

District Response: The Holbrook School District has changed payroll procedures for all hourly employees as required by the USFR since FY 2014 to ensure delayed payroll follows USFR guidelines.

Recommendation 2: The District should implement and enforce stronger password requirements.

District Response: The Holbrook School District has changed password requirements since FY 2014 and now has stronger password requirements.

Recommendation 3: The District should limit employees' access to its accounting system to only those accounting system functions needed to perform their job duties, including transferring the business office employee's administrator-level access to someone outside of the business office.

District Response: The Holbrook School District is analyzing the administrator-level access for the District's accounting systems.

Recommendation 4: The District should develop and implement a formal process to ensure that terminated employees have their computer network and system access promptly removed.

District Response: The Holbrook School District is implementing a formalized process to ensure terminated employees have their computer network and system access promptly removed upon severance with the district.

Recommendation 5: The District should ensure that its IT contingency plan is complete and test it periodically to identify and remedy any deficiencies.

District Response: The Holbrook School District will ensure that the IT contingency plan is complete and the testing process will be implemented in the near future.

Finding 2: District's excess building space and higher custodial staffing resulted in higher costs

District Response: The Holbrook School District concurs with the analysis that the District has excess building space and higher custodial staffing.

Recommendation 1: The District should evaluate excess building space at its schools and determine and implement ways to reduce it.

District Response: The Holbrook School District has begun evaluating excess building space and has currently shut down two classrooms avoiding custodial services and unnecessary utilities. The District will continue to analyze additional space that can be reduced to save the District financial resources through reduced custodial services, utilities and maintenance.

Recommendation 2: The District should review its plant operations custodial staffing levels and determine and implement ways to reduce plant operations costs.

District Response: The Holbrook School District will analyze custodial staffing needs. HUSD #3 utilizes bus drivers as additional custodial staff to reach full time employment which contributes to the additional custodial staffing levels.

Finding 3: District should strengthen some controls over its transportation program

District Response: The Holbrook School District concurs with this finding and is currently working to implement updated transportation controls which have been strengthened since FY 2014.

Recommendation 1: The District should ensure that school bus preventative maintenance is conducted in a systematic manner in accordance with its policy and the State's *Minimum Standards*.

District Response: The Holbrook School District has updated its preventative maintenance procedures that are systematic in manner that meets the State's Minimum Standards.

Recommendation 2: The District should work with ADE regarding any needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budgets until all errors that the misreported mileage may have caused are fully corrected.

District Response: The Holbrook School District will be in contact with ADE to correct any issues that may be outstanding regarding transportation mileage reporting.

Recommendation 3: The District should ensure that it accurately reports its miles and riders for state funding purposes.

District Response: Holbrook School District has implemented new procedures and processes to ensure mileage is properly recorded and reported. Our most recent annual audit noted great improvement with one exception which is being remedied for future reporting.

Finding 4: Majority of desegregation tax levy spending appears unrelated to administrative agreement requirements, and tax levy monies unchanged despite substantial decline in English language learner population

District Response: The Holbrook School District respects the Auditor General's perspective on the current use of desegregation funding; however, the Holbrook School District implements measures to ensure the District is identifying, educating and supporting all language minority students to overcome language deficiencies in their preparation to become college and career ready. The Office of Civil Rights finding clearly states that, "There are no Federal requirements specifying how a recipient is to provide special language assistance to language minority students. In providing educational services to language minority students, recipients may use any method or program that has proven successful, or may implement any sound educational program that promises to be successful. They are expected to carry out their programs, evaluate the results to make sure the programs are working as anticipated and modify programs that do not meet those expectations." As a result, the Holbrook School District implements a holistic approach to educating the language minority students of HUSD #3 which involves reduced class sizes, professional development for teachers, integrated technology for language support and parental outreach for families of English Language Learners. The established program has resulted in educational outcomes that demonstrate the program is working to help language minority students overcome their language deficiencies to achieve academic success.

Recommendation 1: The District should ensure that it spends its desegregation monies on only those activities that directly support the requirements outlined in its administrative agreement.

District Response: The Holbrook School District spends desegregation monies on the identification of language minority students, educational program services for identified LEP students, reclassification procedures for LEP students, evaluating language minority students with special education needs, and provides notices to parents of LEP students as outlined in the Office of Civil Rights findings. These findings are being addressed through a holistic approach to educating our Limited English Proficient students by utilizing administrative staff to assess LEP students, providing classroom environments with strong language support, equipping the teachers of HUSD #3 with highly effective teaching strategies in all classrooms, providing strong intervention programs to prevent over identification of language minority students into special education; as well as, utilizing a parent liaison to support families of language minority students.

Recommendation 2:

The District should determine whether its desegregation tax levy should remain at its current level given the substantial decrease in its ELL student population and the much lower costs of its peer districts that are required to provide the same opportunities to their ELL students.

District Response: The Holbrook School District analyzes the current tax levy annually to assess the need for taxation within the District.