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June 15, 2010

Debra Davenport
Auditor General
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**RE: Response to Madison Elementary School District 2007/08
Performance Audit**

Dear Ms. Davenport:

Madison Elementary School District respectfully submits our response to the Performance Audit conducted by the Auditor General for fiscal year 2008. Thank you for the professionalism and courtesy you extended to our staff through the audit process.

We appreciate the Auditor General's recognition that Madison spent \$142 more per pupil in the classroom than the comparison districts averaged. The District recognizes that teachers are instrumental in creating a learning environment that creates student achievement. To help our teachers be successful, the District supports classroom instruction with staff development, instructional coaches, student achievement specialists, counselors, psychologists, and other support staff who are an integral part of each student's success yet not included in the calculation of classroom dollars. Madison remains committed to operating in a manner that will further our purpose of increased student achievement.

Madison's purpose is to advance extraordinary learning experiences for each student powered by:

- Using data to ensure the individual success of each student
- Working in Professional Learning Communities (PLC's) to advance initiatives:
 - Response to Intervention (RTI)
 - Utilizing Positive Behavior Interventions and Supports (PBIS)
 - Utilizing Lesson Plan Design
- Ensuring District operations enhance and support

- extraordinary opportunities for our students
- Employing a rigorous employee selection process
- Empowering employees to make decisions
- Engaging staff throughout the District
- Promoting leadership at all levels in all departments
- Developing critical thinking skills in our students
- Collaborating with businesses
- Maintaining strong community connections
- Delivering extraordinary customer service
- Unrelenting pursuit of daily improvement

High student achievement is an essential outcome of extraordinary learning experiences. Not only does student achievement consistently rank as the number one priority on parent surveys, but it is the first goal in the District's strategic plan:

Ensure that each Madison School District (MSD) student achieves annual academic growth that drives MSD to maintain and/or to increase the Arizona Learns Labels by 2011-12.

The auditors' task of comparing school districts' financial performance primarily on the basis of their similarity in number of students and schools is a challenging assignment as a greater percentage of dollars spent in the classroom does not always equate to higher student achievement as evidenced by the comparison districts.

2007/08 AZ Learns Labels					
	Excelling	Highly Performing	Performing Plus	Performing	Under-performing
Madison	2	4	0	2	0
Comparison Districts	0	3	14	13	6

2008/09 AZ Learns Labels					
	Excelling	Highly Performing	Performing Plus	Performing	Under-performing
Madison	4	4	0	0	0
Comparison Districts	1	5	28	3	0

Once again, thank you for the meaningful interaction throughout the audit. Madison School District will continue to operate the district in the manner that maximizes all available resources. If you have any questions regarding our response, please don't hesitate to contact us.

Sincerely,

Tim Ham, Ed.D.
Superintendent

Chapter I – Administration

Recommendations

1. The District should review its administrative positions and the related duties and salaries to determine how administrative costs can be reduced without negatively impacting student achievement.

Madison agrees with this recommendation. Madison believes all expenditures including administrative should be reviewed to determine how they can be reduced without negatively impacting student achievement. The district endeavors to be a good steward of tax dollars by using our resources to benefit students. As noted in the performance audit report; contrary to the belief of the Auditor General, the District believes all positions are linked to higher student achievement.

Michael Porter, Harvard Business Professor and one of the world's most influential thinkers on management, notes that at an organization's core is strategy which involves defining its purpose, making trade-offs, and forging fit among activities. Porter (1996) states:

An organization's strength comes from the way activities fit and reinforce one another. Fit is important because discrete activities often affect one another. The value of individual activities cannot be separated from the whole. Improving operational effectiveness is a necessary part of management, but it is not strategy. Both are essential, but the two agendas are different. The operational agenda involves continuous improvement and relentless efforts to achieve best practice. The strategy agenda involves ways to reinforce and extend the organization's purpose. Strategic continuity requires an organization to continually improve its operational effectiveness while at the same time, there needs to be ongoing effort to strengthen the fit of its activities. Strategic continuity, in fact, should make an organization's continual improvement more effective.

Madison reviews positions for fit and to improve operational effectiveness. Through this alignment of positions and resources, Madison continually works on student achievement and extraordinary learning experiences.

To illustrate: Assistant Principals and their role in effectiveness and strategy In Madison, all teachers, regardless of years within the district, receive two evaluations. In most districts, teachers with three years or more of experience receive one evaluation. The Assistant Principals in Madison help to make this a possibility. This increases both the effectiveness of the teacher and the Principal who now has more time to work with the teachers. The teacher evaluation

instrument is linked to the District's purpose because it ultimately benefits students as it affects student achievement.

Mid-continent Research for Education (McREL), conducted a study examining findings from 27 studies that encompassed 2,817 districts and the achievement scores of 3.4 million students to determine the impact of school district leaders on student performance. One of the major findings from this study is that District-level leadership matters, as demonstrated by the statistically significant relationship (a .24 positive correlation) between this leadership and student achievement:

...we have found a substantial and positive relationship between district-level leadership and student achievement when the superintendent, district office staff, and school board members do the "right work" in the "right way." These findings suggest that superintendents, district office staff, and school board members can contribute to school and student success when they are focused on fulfilling key leadership responsibilities and using the practices reported in this study.

...When focused on effective, classroom, school, and district practices, appropriate achievement and instructional goals, and effective leadership responsibilities, it is clear that school district leadership matters.

2. The District should review access controls over its accounting system and develop guidelines to determine adequate user access.

Madison agrees with this recommendation. In conjunction with the Information and Technology Department, the Business Department will review access controls over its accounting system and develop guidelines to determine adequate user access.

3. The District should improve password controls over its accounting system by requiring user-defined passwords that are changed periodically.

Madison agrees with this recommendation. The Information and Technology Department will develop and implement security procedures for periodic changes in user passwords for all individuals granted access to the accounting system.

4. The District should improve procedures over the rental of facilities, ensuring renters are charged the correct amount, charges are collected, and in-kind donations are properly documented and adequately cover facility rental fees.

Madison identified this as an area for improvement prior to the performance audit and has started implementing procedures to ensure renters are charged the correct amount, charges are collected, and in-kind donations are properly documented that adequately cover facility rental fees.

Chapter 2 – Student Transportation

Recommendations

1. The district should limit the amount of nonproductive time for which it pays its bus drivers and bus aides, or alternatively find other duties for these individuals to perform when they are not driving or riding.

Madison agrees with this recommendation. Since the audit, the District has already reviewed bus driver and bus aide work schedules and has made adjustments. The Transportation Department will implement new schedules for 2010/11 and will monitor time worked.

2. To aid in evaluating the efficiency of its transportation program, the District should develop and monitor performance measures such as cost per mile and cost per rider.

Madison agrees with this recommendation and will establish a program to better evaluate the efficiency of the Transportation Department by developing performance measures such as cost per mile and cost per rider.

3. The District should ensure it accurately calculates and reports the data used for state transportation funding.

Madison agrees with this recommendation and will implement procedures to ensure the accurate calculation and reporting of data used for state transportation funding.

4. The District should develop a process to ensure bus drivers maintain current certifications in accordance with DPS Minimum Standards.

Madison agrees with this recommendation and will develop and implement a process to ensure that certification requirements are being monitored on a timely basis in accordance with DPS Minimum Standards.

Chapter 3 – Plant Operation and Maintenance

Recommendation

1. The District should review its individual schools' square footage usage, as well as the necessity of leasing additional facilities, and determine ways to reduce identified excess space, without negatively impacting student achievement.

Madison agrees with this recommendation. It is important to review individual schools' square footage and determine if there are ways to reduce identified excess space, if any. The District has reviewed its individual schools' square footage usage and determined that each school building is required. Madison acknowledges that not every school is up to full capacity at this time; however, the District has grown over nine percent in the past three years. Madison projects a continuation of growth as Madison Traditional Academy continues its expansion as additional sections are added at the primary grade levels (due to demand) and the middle school grades are being added as they continue their journey in becoming a Kindergarten through 8th grade school. In 2010/11, seventh grade will be added with 8th grade following in 2011/12. Additionally, a foreign language program was introduced at Madison Heights during the 2009/10 school year. The program attracted many new students to this campus leading to almost a twelve percent increase in student enrollment.

Chapter 4 – Proposition 301 Monies

Recommendation

1. The District should ensure that it pays eligible employees only for goals achieved in accordance with their Governing Board-approved performance pay plan.

Madison agrees with this recommendation. As presented in the Performance Audit Report, District officials with agreement from the teachers on the Prop 301 compensation committee believed extenuating circumstances impacted parent surveys and therefore, decided to fund the goal. The District will ensure that it pays eligible employees only for goals achieved in accordance with the performance pay plan.

Chapter 5 – Classroom Dollars

Recommendations

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

Madison agrees with this recommendation and has corrected coding.

2. The District should evaluate costs in noninstructional areas to determine if savings can be achieved and if some of these monies can be redirected to the classroom.

Madison agrees with this recommendation as all costs should be evaluated for effectiveness. Based on prior recommendations within the performance audit report, Madison has evaluated costs in non-instructional areas and will implement changes where applicable.

References

- Porter, M. (1996, November/December). What is strategy? *Harvard Business Review*, 74(6), 61-78. Retrieved May 30, 2010, from <http://library.gcu.edu:2048/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=9611187954&loginpage=Login.asp&site=ehost-live&scope=site>
- Waters, J. and Marzano, R. (2006, September) *School District Leadership That Works: The Effect of Superintendent Leadership on Student Achievement*, 20-21. A Working Paper Retrieved from McREL.