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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

February 28, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Chester Crandell, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Crandell:

Our Office has recently completed a 24-month followup of the Oracle Elementary School District's implementation status for the 16 audit recommendations presented in the performance audit report released in September 2011. As the enclosed grid indicates:

- 15 recommendations have been implemented, and
- 1 recommendation is 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 2011 performance audit.

Sincerely,

Ross Ehrick, CPA
Director, Division of School Audits

RE:bh
Enclosure

cc: Mr. Dennis Blausen, Superintendent
Governing Board
Oracle Elementary School District

ORACLE ELEMENTARY SCHOOL DISTRICT

Auditor General Performance Audit Report Issued September 2011 24-Month Follow-Up Report

| Recommendation | Status/Additional Explanation |
|---|--|
| FINDING 1: Higher staffing levels led to significantly higher administrative costs | |
| <p>1. The District should review its administrative staffing levels to determine if savings can be achieved and monies redirected to the classroom.</p> | <p>Implementation in process Between the audited year (fiscal year 2009) and fiscal year 2013, the District eliminated two part-time administrative positions, saving about \$33,000 in salary costs annually. However, the District's fiscal year 2013 administrative costs per pupil were still 37 percent higher than peer districts', on average. The District's administrative costs per pupil remained high, in part, because its student enrollment decreased 6 percent and because the District paid out the remaining year of the Superintendent's 3-year contract when he resigned. The District reviewed its administrative staffing levels again in fiscal year 2014 and eliminated an additional three part-time administrative positions, which should save the District about \$45,000 in salary costs annually. However, the impact of these cuts will be limited because the District's fiscal year 2014 student enrollment decreased another 7 percent from the prior year. Therefore, the District should continue to evaluate its administrative costs.</p> |
| FINDING 2: Improvements needed to lower transportation costs, accurately report data, and ensure proper preventative maintenance | |
| <p>1. The District should consider operating bus routes to only one of the high schools out of the District or establishing high school boundaries to eliminate the overlapping of bus routes.</p> | <p>Implemented at 18 months</p> |
| <p>2. The District should review its high school and after-school activity routes to determine whether they could be more efficient.</p> | <p>Implemented at 18 months</p> |
| <p>3. The District should accurately calculate and report miles driven for state funding purposes.</p> | <p>Implemented at 24 months</p> |
| <p>4. The District should contact the Arizona Department of Education regarding needed corrections to its transportation funding reports and corresponding adjustments to its expenditure budget.</p> | <p>Implemented at 24 months</p> |

| Recommendation | Status/Additional Explanation |
|--|-------------------------------|
| 5. The District should ensure that bus preventative maintenance is conducted and documented as specified in the Arizona Department of Public Safety's <i>Minimum Standards for School Buses and School Bus Drivers</i> . | Implemented at 18 months |

FINDING 3: District's performance pay plan did not promote improved performance

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| 1. To promote improved performance, the District should establish meaningful performance goals for activities or achievements that the District does not already require. | Implemented at 18 months |
| 2. The District should ensure that it retains adequate documentation to demonstrate that performance pay goals were met. | Implemented at 18 months |
| 3. The District's performance pay plan or employment contracts should specify the amount or a range of amounts of performance pay each eligible employee can earn if performance criteria are met. | Implemented at 6 months |

FINDING 4: District lacks sufficient controls to adequately protect sensitive information within its computer network

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| 1. The District should secure its important operational IT equipment in specific areas that are accessible only to appropriate personnel. | Implemented at 6 months |
| 2. The District should implement and enforce password requirements related to password length, complexity, and expiration. | Implemented at 24 months |
| 3. The District should develop and implement a formal process to ensure terminated employees are promptly removed from its IT network. | Implemented at 18 months |
| 4. The District should create a formal disaster recovery plan and test it periodically to identify and remedy deficiencies. | Implemented at 24 months |

FINDING 5: District spent certain extracurricular tax credit monies for inappropriate school-related purposes

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| 1. The District should ensure that extracurricular tax credit monies are spent in accordance with statute. | Implemented at 6 months |
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| Recommendation | Status/Additional Explanation |
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|---|---------------------------------|
| 2. The District should reimburse the Extracurricular Activities Tax Credit Fund for monies inappropriately spent in fiscal year 2009 and work with the Arizona Department of Education to make the necessary corresponding adjustments to its expenditure budget. | Implemented at 18 months |
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OTHER FINDINGS: District did not accurately report its costs

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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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