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March 14, 2011

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

Dear Ms. Davenport:

Pima Unified School District #6 respectfully submits its response to the recently concluded performance audit for fiscal year 2009. The audit indicated seven areas of concern: (1) payroll process lacked adequate oversight and documentation, (2) inadequate controls over purchasing process, (3) insufficient password controls, (4) additional cash controls needed, (5) student transportation mileage and riders misreported, (6) preventative maintenance and repairs not documented, and (7) development of an energy conservation plan.

Attached is the District's response to each of the recommendations contained in the audit report. The response indicates whether the District agrees or does not agree with the finding, as well as providing a response to how the District plans to move forward in the areas reviewed.

I would like to thank the audit team for their work on this performance audit, Ms. Lai Cluff, Mr. Brian Smith, and Mr. Chris Moore have been especially helpful and extremely professional throughout the audit. I believe the team did an excellent job and we will do our best to continually improve our District and will pay particular attention to those areas of concern indicated in the audit report.

Sincerely,

Joseph C. Farnsworth
Superintendent

**Auditor General Performance Audit
Pima Unified School District #6
District Response to Audit Findings**

FINDING 1-Inadequate Controls Increased Risk of Errors and Fraud

Payroll process lacked adequate oversight and documentation

The District agrees with this recommendation and will implement procedures to ensure payroll is calculated properly and the proper oversight and documentation is in place.

- To ensure that payroll amounts are calculated correctly the payroll clerk will enter the salary amount in the computer system. The Business Manager will then check the amount to make sure it is calculated correctly. Finally, the Superintendent will be the final check to make sure salaries are calculated correctly.
- The Business Manager and Superintendent will sign off on the payroll journal each payroll to make sure everything is entered correctly.
- Each personnel file will have a payroll action form in their personnel folder where salary adjustments will be recorded. All other extra duty work and annual contracts will be put in the personnel files of each employee.

Inadequate Controls Over Purchasing Process

The District agrees with this recommendation and will implement a process to ensure that there are adequate controls over the purchasing process.

- The Business Manager will not approve any requisition that come into the district office. A principal, administrator, or superintendent must approve all purchase requisitions.
- The Business Manager will create all purchase orders and place all orders. The District secretary or student aid will receive all boxes and mark purchase orders received. The district secretary will open all invoices and match them to the purchase orders initialing them, which states he or she has verified the amounts. The Business Manager will enter all invoices and decide which invoices to pay. The Superintendent will review the list of invoices and review 4 to 5 invoices to make sure the purchase orders match the invoices. Finally, the district secretary will match checks with invoices and mail out checks. The student aid or district secretary will file all paid invoices.

Insufficient Password Controls

The District agrees with this recommendation and will implement a process to ensure sufficient password controls. Unfortunately our student management system does not have an automatic password reset.

- We can set up a reminder in our calendars to reset our passwords every 45 days. We can also require each password to be a minimum of eight characters with at least one number. Our IT Administrator is aware of the security issue and is researching which approach would be most effective.

Additional Cash Controls Needed

The District agrees with this recommendation and will implement a process to ensure additional cash controls are in place for sporting events.

- The tickets for sports events will be kept in a fireproof file cabinet in the High School office. At the end of an event the ticket manager will reconcile the tickets sold with the amount of money received. The ticket manager will turn the money into the principal of the high school as soon as the event is over. The next day the bookstore manager will reconcile the monies for a second time and prepare the deposit. The bookstore manager will give the deposit to the district office where the business manager or district secretary will make sure the deposit is correct and initial the deposit slip. The business manager or district secretary will take the deposit to the bank.

FINDING 2-Improvement Needed for Transportation Program Reporting and Record Keeping

Student Transportation Mileage and Riders Misreported

The District agrees with this recommendation and will implement a process to ensure student transportation mileage and riders is reported correctly.

- We will count the actual students who get on and off the bus weekly and record it on a log. We are also correcting the mileage report by training all transportation personnel to reflect the appropriate procedures.
- The District will follow the recommendation of the Auditor General to contact the Arizona Department of Education regarding needed corrections to its transportation funding report.

Preventative Maintenance and Repairs Not Documented

The District agrees with this recommendation and will implement a process to ensure preventative maintenance and repairs are documents.

- The transportation manager will keep a log of all preventative maintenance services such as oil changes, tire and brake inspections, and inspections of safety signals and emergency exits. He will keep a binder by year of the logs and will not throw them away for three years after vehicle have been sold.

OTHER FINDINGS

District Should Develop an Energy Conservation Plan

The District agrees with this recommendation and will implement a process to ensure the district has a board approved energy conservation plan.

- The district will put together an Energy Conservation Committee to put together an Energy Conservation Plan, which will then be submitted to the District Governing Board for approval. This will be completed by June 30, 2012.
- The Business Manager will keep track of energy usage to determine the effectiveness of the energy conservation plan.