

March 18, 2003

Ms. Debbie Davenport  
Auditor General  
Office of the Auditor General  
2910 N 40<sup>th</sup> Street  
Suite 410  
Phoenix Arizona 85018

Dear Ms. Davenport,

Attached is the Sacaton School District's response to the Auditor General's performance audit preliminary report. The district appreciates the time, effort and assistance provided by the Office of the Auditor General. You have provided us benchmarks that we can use to measure our success as we progress toward creating an exemplary school system that will be recognized for its accomplishments.

Be assured that the district will strive to institute the highest quality programs and opportunities for our students, their families, and the community in the most cost efficient manner. Also, be assured that our efforts will be conducted in accordance with both the spirit and letter of applicable statutes and regulations.

Finally, you listed in the report challenges that impact the district. The impact these have on operations should not be underestimated. Nor, should the effects that other challenges such as the high incidence of violence, alcoholism, and disease (e.g. Diabetes) historically have had on the schools be discounted. These factors drive many of the initiatives that the district has undertaken, the programs that were established, and costs incurred.

Finally, Sacaton School District has made tremendous improvements in creating a safe learning environment, extending school based programs and reaching out to our students and their families. These efforts have resulted in improved attendance, reduced violence, and reduced drop out rates for both our students and our graduates. Unfortunately, these are not identified in the report.

We will continue successful programs, work toward improving curriculum and instruction, and incorporate relevant recommendations. Working together, we are

confident that we can provide our students an extraordinary education so that all of our students will be successful.

Please do not hesitate to contact me if you have any questions or require further clarification.

Sincerely,

Dr. Leon Ben, Superintendent

Encl.

**SACATON SCHOOL DISTRICT #18  
RESPONSE TO  
PERFORMANCE AUDIT  
February 27, 2003**

**CHAPTER 1**

**Administration**

**Administrative Costs**

**Recommendation:**

1. The District should better manage existing personnel to reduce its dependence on consultants. For example, the District should delegate grant writing responsibilities to one of its program directors, and it should ensure that its business manager can perform all required job duties.

**Response:**

In order to address this recommendation the following background needs to be established:

**LEVEL OF FUNDING**

As shown in Table 1, Sacaton School District has received significantly more funding from Federal Grants than any of the other comparison Districts. In order to successfully bid for the awarded grants, Sacaton has leveraged its internal resources and outsourced for those skills not possessed by Sacaton personnel. In addition, Sacaton is staffed to operate all Federal programs with soft dollars from the grants. All grants are written on an award contingency basis; if the grant is not awarded, the District does not pay anything. To the contrary, the Sacaton School District does not have resources to prepare the bids on any of the previously and future awarded grants.

<b>Table 1</b>				
Analysis of Federal and State Funding				
District	SY 2001 and 2002 Obligated Discretionary Funds Source: U.S. Department of Education	SY 2002 Federal and State Entitlement Budgets Source: Arizona Department of Education	Administrative Costs: Federal Entitlement Funds	Administrative Costs as a percent of Entitlement Funds received
	Source of Information			
	U.S. Department of Education Grants and Awards	AZ. Dept of Education: Grants Management Approved Budgets	AZ. Dept of Education: Grants Management Approved Budgets	Administrative Costs divided by Entitlement Funds
Sacaton	\$2,465,734*	1,274,047.08	30,000	2.4%
Ajo	67,875	422,060.39		
Cedar	641,671*	1,143,858.10	65,693	5.7%
Gila Bend	61,165	492,781.22		
Mayer	22,393	281,888.58		
Nadaburg	0	503,666.99		
* Both Cedar and Sacaton received a Grant for School Repair and Renovation because they are on Native American lands. Cedar received \$547,717 (or 85% of the USED grants) and Sacaton received \$677,540 (27% of the total). These funds are formula-driven and can not be used for program operations.				

**CONSULTING FEES**

The consulting fees paid to the general administrative consultant have been itemized and pre-approved by the funding source in the specific federal grants at seven and a half percent (7.5%) of the amount awarded. This rate represents payment for the administration, monitoring, evaluation, and reporting requirements for each grant. Most importantly, it includes all required management and technical assistance within the scope of the grant on a 24-hour, 365 days per year basis.

**DISTRICT STAFFING LEVEL COMPARISON**

The number of administrative personnel (24) included in the report is overstated by six FTEs. The count in the reports includes six individuals that do not have any administrative duties as a normal part of their job duties. These individuals spend their

entire day on normal programmatic and program operational issues. These individuals are:

- Connie Jackson, CTC Coordinator/Lead Teacher
- Dorian Rivera, 21<sup>st</sup> CCLC Coordinator
- Joyce Baldwin, GEAR UP Coordinator/Lead Teacher
- John Fooks, Technology Coordinator
- Mykal Lucero, CTC Teacher Assistant
- Candy Williams, Middle School Coordinator

The district staff does not have the expertise to write grant applications and perform their program duties on a concurrent basis. Grant writing is composed of several very time consuming processes. The first is the identification of available funding sources. The second is the preparation of the application that includes, at a minimum: a needs assessment; a matching of existing human resources to grant requirements; development of deliverables; and preparation of corresponding budgets. At the present time, none of the existing staff has the expertise to complete an entire grant application like the ones required to obtain existing funding.

**Recommendation:**

2. The District should revise its hiring practices to ensure the most qualified person is hired.

**Response:**

The current Business Manager is capable of performing most of her assigned job responsibilities. She has been employed at the District for over ten years and has always received excellent performance ratings. She has far exceeded her performance expectations.

**Recommendation:**

3. The District should evaluate its contracts more carefully to ensure that it obtains the desired services at a reasonable cost. Contract services should be compared to those of similar district.

**Response:**

The District reviews and evaluates all of its prospective contracts to ensure that the District is placed in the most favorable position with respect to all parties involved. The rates included in the contract represent a blended rate for a variety of services requiring a discerning difference in skill, education, and experience. The District utilizes a mix of contractual payment terms depending on the services required. These include flat rates, cost-reimbursement plus, and contingent with flat rate percentages, to name a few. The District will continue to exercise due diligence in contracting for desired services.

**Recommendation:**

4. The District should recover the \$30,000 overpayment it made to the general administrative consulting firm for grant writing services received in fiscal year 2002.

**Response:**

The District paid the contractor in accordance with the contract for the services provided. The applicable clause of the contract reads:

For grants funded for multiple years or renewable over multiple years: Each year over the multiple year life of the grant, and upon receipt of each year's funding allocation, Sacaton Public School District No. 18 shall issue a purchase order to Goals, Inc in the amount of 7.5% of each year's funding allocation for the following services to be provided by Goals, Inc:

The term allocations is the grant award, not disbursements. Therefore, it is clear that the District paid in compliance with the contract.

**Recommendation:**

5. The District be familiar with the contracts and thoroughly review billings to ensure that contractors are not overpaid. In addition the District should ensure that it pays its contractors only for services that they have actually provided.

**Response:**

The District reviews all disbursements to ensure that all services have been provided in accordance with all contractual obligations prior to making any disbursement.

**Travel**

**Recommendation:**

- 1 To reduce its administrative travel costs, the District should:
  - Consider the costs and benefits of sending staff to a conference. Travel should be limited to conferences and services that help the District achieve its goals and objectives.
  - Limit the number of employees attending a given conference to the key staff members who need to attend.
  - Require travelers to justify or personally pay for any changes to travel arrangements that cost the District additional money.

**Response:**

Conferences are attended only by key District personnel and for whom the subject area the conference has a direct relationship to their specific job assignment.

It should be considered that three of the eight conferences listed on page 15, table six of the report pertained to Impact Aid, a federally funded program which is critical to the District. If Impact Aid related conferences is excluded from this list, then all but one of the remaining conferences are in state and the number attending conferences is reduced from 31 to 17.

It must also be noted that it is a cultural requirement of the Community to include students, immediate family and extended family on these trips and the District at times has done that. The District has been told/asked to include members of the Community on a number of these trips such as the Federal Association of Federally Impacted Schools Conference held in Washington, D.C.

It is the policy of the district to require justification for all travel arrangements that cost the District additional money.

**Recommendation:**

- 2 To ensure that all travel expenses are reasonable and allowable, the District should require travelers to submit proper documentation. Even when expenses are placed on the District's credit card, travelers should be required to submit supporting documentation, such as receipts and invoices. Further, the superintendent and board members should also abide by the District's travel policy.

**Response:**

The District evaluates all travel expenses for reasonableness and requires documentation from all employees for all travel expenses submitted for reimbursement. In the future it will increase its efforts to enforce the District's travel policy for all travel claims submitted by the Superintendent and board members.

**Purchasing Practices**

**Recommendations:**

District staff purchasing authority should be adequately trained in purchasing procedures in accordance with Arizona Revised Statutes and the Uniform System of Financial Records for Arizona School Districts, including:

- Maintaining proper purchasing documentation.
- Ensuring proper vendor selection methods are used.

- Documentation any conflicts of interest for each purchase and ensuring that the employees with conflicts of interest are not involved in authoring those purchases.

**Response:**

The District will develop and implement for all personnel with purchasing authority a training program that will include purchasing documentation requirements, vendor selection and conflict of interest.

**Governing Board**

**Recommendation:**

1. The District should strive to promote public participation in governing board meetings by consistently meeting at scheduled times.

**Response:**

The District strives to hold all of its meetings at the schedule date and time. However, on four occasions the meetings were postponed/cancelled or were started at a later time for the following reasons:

Meetings cancelled or postponed

The special meeting of July 17, 2002 was cancelled due to a lack of quorum.

The regular board meeting of August 13, 2002 was cancelled due to a lack of quorum

Meetings started after the scheduled time

The meetings of August 1, 2002 and August 20, 2002 did not begin on time because the board members required to form quorum arrived late.

**Recommendation:**

2. To ensure that the board receives all necessary information to make informed decisions in a timely manner, District management should provide board members with the information packets at least several days prior to a board meeting.

**Response:**

The District generally prepares all material for the Governing Board on timely basis. However, on one isolated occurrence, for the meeting of July 9, 2002, the budget information required for the meeting was not prepared in time for the board meeting and consequently the meeting had to be postponed.

All materials required for all board meetings since that date have been prepared and made available to the board compliance with all of the boards directions prior to the board meetings.

## CHAPTER 2

### Food Service

#### Management of Food Service Program:

##### **Recommendation:**

1. To ensure that the District has sufficient information to manage its food service program and make sound decisions, the District should conduct typical management oversight activities. Specifically, the District should:
  - Implement financial management procedures, including monitoring the food service programs comparison of budget and actual expenditures.
  - Perform cost-benefit analyses prior to making large expenditures.

##### **Response:**

The District will implement financial management procedures and conduct cost-benefit analyses. This will include formalizing procedures to ensure first-in-first-out inventorying.

Please note:

- Ref. Audit Report, Page 19. The financial analysis in the report does not match total expenditures for FY 2002 against revenue produced for the same period. Food Service is reimbursed. Also, reference third bullet below.
- Ref. Audit Report, Page 22. Although a formal cost analysis was not conducted when the district changed to a centralized kitchen in SY 2003, the district seriously considered several conditions before taking this course of action. First, beginning in SY 2003, the schools were reorganized and the fifth grade moved to the Elementary school. A staffing analysis was performed and it was determined that transferring the staff to the Elementary school would allow for better supervision and quality control. Second, the equipment at the schools is old and in constant need of repair. It was determined that it would be optimal to operate and maintain just the one kitchen.
- Ref. Audit Report, Page 21. Until the Governing Board changes policy, the Food Service costs will exceed revenues and GRIC (Tribal) funds will be used to offset the deficit. In 1999, a decision was made to serve meals to all children regardless of whether their parents submitted a free or reduced lunch eligibility survey. Even though efforts are made to have 100% returned, a substantial number of families do not respond.
- Several statements in the report require clarification.

For example:

- Ref. Audit Report, Page 22. The findings indicate that “food typically arrived cold”. The District was in the first week of operating a centralized kitchen when this finding occurred. After the initial start up period, these issues had been corrected and the kitchen now operates properly.

- Ref. Audit Report, Page 22. The statement that “it (District) did not want to repair broken dishwashers” is incorrect. The District has repaired the equipment several times. The last time the equipment broke the District was advised by the manufacturer that it was not feasible to repair the equipment again. The use of disposable dishware is an interim solution. The kitchen equipment is on a planned replacement schedule.
- Ref. Audit Report, page 23. The overcrowded storage facility observed by the auditors was an isolated emergency situation that occurred while equipment was being repaired. Adequate storage is now in place.

**Recommendation:**

2. To help reduce the potential for waste and abuse and to ensure that adequate control over inventory is maintained, the District should implement inventory management procedures, including:
  - Managing inventory on a first-in-first-out basis, including regular rotation of food items so that the oldest items are used first.
  - Establishing receiving procedures for the items ordered, including assigning and authorized person to receive and check deliveries.

**Response:**

The District has developed and is implementing procedures for inventory control and ordering shipments and receipting deliveries.

**Recommendation:**

3. To assist the District in determining the efficiency and effectiveness of its food service program, the District should identify, document, and monitor program measures, such as meals per labor hour and cost per meal, and compare them with similar districts or industry standards.

**Response:**

The district has a contract with Crandell & Associates for menu preparation. This will ensure compliance with USDA requirements and proper management of inventory. Crandell & Associates also assists the district in fully utilizing its commodity allocation.

**Safety and Sanitation of Food Service Operators:**

**Recommendation:**

1. To ensure a safe and sanitary work environment in which to prepare, serve, and store food, the District should ensure that;
  - All food service workers have current food handler and health cards.
  - Food storage areas are maintained at the proper temperatures.
  - The temperatures of foods on the serving line are monitored to ensure proper temperatures.

- “Use By” dates of food service items are tracked and all outdated foods are disposed of.
- Food preparation areas are clean and do not contain items that could compromise the sanitation of food being prepared.

**Response:**

The District is finalizing procedures to ensure a safe and sanitary work environment. These will be implemented immediately.

Please note the following discrepancies in the report.

- Ref. Audit Report Page 24. The report indicates that none of the food service workers had current county health cards. And only one held a current food handlers card. Response: First, the district utilizes the Tribal Health card in lieu of the county. All but one individual, who was newly rehired at the time of the visit, held the proper Tribal Health Card (Reference attached). The one individual who did not hold this card has since applied for and received such card. Second, the district has arranged for training of staff so they obtain their food handlers card.

**Recommendation**

2. To further ensure the sanitation of the work environment and the safety of its students and staff, as well as continued funding from the National School Lunch Program, the District should obtain health inspections at least twice per year.

**Response:**

Ref. Audit Report, Page 24. As noted in the report, since the schools are located on reservation land, the Gila River Indian Community is responsible for conducting health inspections. The District has informed the Tribal authorities of the need for the inspections. In the future, the District will document its contact with the authorities so as to document that it is carrying out its responsibilities.

## **CHAPTER 4**

### **Proposition 301 monies**

**Recommendation**

1. The District should revise its performance pay plan and/or the related disbursement dares to ensure that all goals are measurable and attainable before the pay is distributed. Further, the District should implement policies and procedures to ensure that each performance requirements is measured and the results are documented.
2. The District should ensure that the plan addresses only those allowable options provided in statute.

3. The District should obtain governing board approval of any revisions to its Proposition 301 plan.

**Response:**

The District formed a committee earlier this year that is currently evaluating and revising the entire Proposition 301 Plan including the performance pay plan. The plan will be reviewed to ensure all options comply with the applicable state statutes. The plan will also be submitted to the governing board for approval prior to implanting it.

## **CHAPTER 5**

### **Classroom dollars**

**Recommendation**

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

**Response:**

The District will comply with all USFR Uniform Chart of Accounts classification requirements.