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Average Daily Membership Audit Report
Pima Partnership High School
Fiscal Years 2007 and 2008

Report Number 09-06
May 1, 2009

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May 1, 2009

Governing Board
Mr. Harry Kressler, Superintendent
Pima Partnership High School
2525 E. Broadway, Suite 200
Tucson, AZ 85716

Dear Members of the Board and Superintendent:

The Arizona Department of Education Audit Unit has conducted an Average Daily Membership audit of Pima Partnership High School for Fiscal Years 2007 and 2008. The audit found that the School provided insufficient instructional hours to some students and reported some students' attendance incorrectly to ADE for FY2007 and FY2008.

The audit becomes final 30 days after issuance, unless the School files an appeal. Appendix A in the report provides rules governing the appeals process.

We appreciate the excellent cooperation and assistance provided by the Superintendent and staff during the course of the audit. My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Arthur E. Heikkila
Chief Auditor

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INTRODUCTION AND BACKGROUND

The Arizona Department of Education (ADE) has conducted an Average Daily Membership audit of the Pima Partnership High School (the School). This review was conducted under the authority of A.R.S. §§15-183(E)(6) and 15-901(A)(2). The audit focused on whether the School accurately reported attendance data to ADE and whether it offered sufficient instructional hours to students for FY2007 and FY2008.

Attendance audits help to ensure the appropriate distribution of State Aid to schools. Since ADE distributes nearly $5 billion annually in public school funding to schools based on reported attendance and other factors, it is important that schools accurately report their student count to ADE.[1] If a school's student count is inaccurate, that school could then receive an incorrect amount of monies from ADE. Similarly, if a school does not provide the statutorily-mandated number of instructional hours, its students are not considered full-time students and should not be counted as such for funding purposes. Therefore, if a school's student count is inaccurate either because it did not report its attendance correctly to ADE or it did not provide the statutorily-mandated number of instructional hours, that school could then receive an incorrect amount of state aid based on its reported student count.[2] If the audit determines that an incorrect amount of State Aid was distributed to a school based on an incorrect student count, a correction will be made by adjusting a future payment or payments to the school.

The School is a charter school located in Tucson, and offers instruction for students in 9th through 12th grade. A four-member school board governs the School. In FY2008, the School had 135 students enrolled. Table 1 provides the School's financial, student and staffing information for FY2007 and FY2008.

Table 1

Pima Partnership High School
Student, Staffing, Revenues and Expenditures Information
FY2007 and FY2008
(Audited)

	FY2007	FY2008
Students Enrolled	123	135
Staff	7	6
Revenue		
Local	$ 20,335	$ 17,156
State	900,505	983,472
Federal	468,026	482,058
Total Revenues	$1,388,866	$1,482,686
Total Expenditures	$1,312,343	$1,450,815

Source: "Annual Report of the Arizona Superintendent of Public Instruction," for FY2007 and FY2008.

[1] Charter schools are funded based on "student count", which is defined in A.R.S. §15-185(B)(2) as Average Daily Membership for the current fiscal year.

[2] Arizona's schools receive monies from the State based on student attendance and other factors. Schools are required every 20 days to submit daily attendance information to ADE for each student enrolled. Attendance information is used by ADE to calculate Average Daily Membership (ADM). ADE then calculates a school's Basic State Aid payment based on ADM and other factors and distributes these monies to schools 10 times annually.

School Already Reimbursed ADE for FY2007 Overpayment

During the course of the audit, the School reimbursed ADE for the FY2007 ADM overpayments discovered by the auditors. Earlier this year, the State Board for Charter Schools reviewed the School's request to modify its charter contract. At the request of the Board, the ADE Audit Unit provided preliminary information regarding the School's audit. In response, the School volunteered to repay the money owed to the State for FY2007. At that time, the final FY2008 attendance information was not yet available, so auditors could not present any FY2008 analysis to the Board or the School. This updated audit report does include the FY2008 analysis.

ADE would like to thank the Pima Partnership Board of Directors, and the management and staff of the Pima Partnership High School for their cooperation during the course of the audit.

SCOPE AND METHODOLOGY

The audit reviewed whether the School provided a sufficient number of instructional hours to students and received the correct amount of State Aid based on the student data it reported to ADE during FY2007 and FY2008.

Auditors used several methods to determine if the School received the correct amount of State Aid based on its reported student attendance and FTE counts. To gain an understanding of how the School recorded student attendance and how it reported this information to ADE, auditors interviewed School personnel and reviewed school records, statutes, policies, and guidelines issued by ADE. Auditors also reviewed the School's original attendance records and compared them to the attendance data submitted to ADE.

To determine whether the School provided a sufficient number of instructional hours to both its day and night school students, auditors reviewed the School's bell schedules and calendars for day and night school students for FY2007 and FY2008. The bell schedules included class times for regular and early release days and specified any non-instruction time for the students, such as lunch time. Auditors then compared each of the School's number of instruction days and hours offered to the statutory requirements to determine if the School was providing the statutorily-mandated number of instruction days and hours.

- **Night School**—To determine whether the School received the correct amount of State Aid for its night school students, auditors reviewed the accuracy of the School's attendance data, then calculated the School's Average Daily Membership (ADM) based on the audited student data. To calculate the School's ADM, auditors calculated the average membership days and FTE count for each student. To identify the correct FTE associated with each student, auditors used each student's class schedule and number of instructional hours attended. Auditors also determined whether the School was reporting its absences correctly to ADE, which also affects the accuracy of its ADM.[3] The Night School used sign-in sheets to report students' attendance, and auditors reviewed these documents to determine student attendance. Auditors also determined whether the School required a funding adjustment based on whether there were any discrepancies between its reported and audited student data.

- **Day School**—To determine whether the School received the correct amount of State Aid for its Day School based on its reported student data, auditors followed the same methodology as was done for the Night School students. Additionally, to determine the accuracy of the School's attendance-taking system, auditors compared all of the School's 558 student timecards to the attendance data that the School reported to ADE. Auditors performed this review to identify any discrepancies between the School's original attendance records and the attendance data the School reported to ADE. Finally, auditors determined whether the School required a funding adjustment based on whether there were any discrepancies between its reported and audited student data.

[3] Auditors also verified whether the School's Average Daily Membership exceeded its Average Daily Attendance by 1.085 or more. If so, statutes require its ADM be adjusted by multiplying Average Daily Attendance by 1.085.

FINDING 1: NIGHT SCHOOL RECEIVED STATE AID FOR INSTRUCTION NOT PROVIDED

The Night School received State Aid for instruction that it did not provide to some of its Night School students for FY2007 and FY2008. While the School reported to ADE that it provided sufficient instruction days and hours to students, this information was false and significantly over-reported the number of instruction days and hours the School actually provided to its Night School students. As a result, the School was overpaid $42,299 in State Aid for FY2007 and $79,529 in FY2008. Further, the Night School significantly limited its students' educational opportunities because it did not provide sufficient instruction time to students. The School has already paid back the $42,299 State Aid overpayment for FY2007 and needs to pay back the $79,529 overpayment for FY2008.

Night School closed—Pima Partnership closed the Night School as of February 6, 2008. According to Pima Partnership, the Night School was closed due to the numerous problems found during the audit.

The Night School Violated Statute by Failing to Provide Sufficient Instruction Time to Students

The Night School failed to provide sufficient instruction time for its students, even though it was required to do so by statute. Specifically, the Night School held classes on fewer than half of the required number of instruction days for both FY2007 and FY2008. Similarly, the Night School failed to provide students with the statutorily-required number of instructional hours for both fiscal years audited.

Night School failed to provide students with the statutorily-mandated number of instruction days—Although required by A.R.S. §15-341.01 to provide at least 180 days (or the equivalent of) of instruction during each school year, the School failed to meet this requirement for either FY2007 or FY2008.[4] As shown by Table 2 (see page 5), the School provided its night school students with only 64 days of instruction in FY2007, which is significantly less than half the 180 days it was required by statute to provide. Similarly, in FY2008, the School provided only 73 of the 180 statutorily-required number of days.

[4] According to A.R.S. §15-341-01(B), "one hundred eighty days" means one hundred eighty days of instruction or an equivalent number of minutes of instruction per school year based on different number of days of instruction approved by the school district governing board or charter school governing body.

Table 2

Pima Partnership High School—Night School
Instruction Days
Statutory, Submitted, Reported, Actual, and Net Over-Reported
FY2007 and FY2008

School Year	Calendar Days Required by Statute	Calendar Days Submitted to ADE	Days of Attendance Reported to SAIS	Days of Instruction Actually Provided	Attendance Days Over-Reported by the School[1]
FY2007	180	180	180	64	116
FY2008	180	180	180	73	107

[1] Days of attendance reported minus days of instruction actually offered.

Source: Auditor analysis of statutes, School calendars and schedules, and attendance records.

Night School failed to provide statutory-mandated number of instructional hours—In addition, statute requires schools to provide a minimum number of instructional hours to students on a yearly and weekly basis. However, the Night School failed to provide sufficient instructional hours to its students. Specifically:

- **Per Year**—A.R.S. §15-901(A)(2)(b)(vi) requires that all full-time instruction programs provide their students with at least 720 instructional hours each year. However, the Night School did not meet this requirement for either FY2007 or FY2008. As shown by Table 3 (see page 6), for FY2007, the School offered only 130 instructional hours, which was 590 hours short of the 720 statutorily-required hours. Additionally, although the School closed February 6, 2008, auditors projected that it would have provided students with only about 67 instructional hours for FY2008, which also significantly falls short of the statutory requirement.

- **Per Week**—A.R.S. §15-901(A)(2)(c)(vi) requires that high school students receive a minimum of 20 instructional hours each week. However, the Night School significantly failed to meet this requirement for both fiscal years audited. As shown by Table 3 (see page 6), the School provided students with only 6 instructional hours each week in FY2007, and an average of only about 10.5 hours each week for FY2008.

Table 3

Pima Partnership High School—Night School
Instructional Hours
Statutory, Reported, Actual, and the Difference
Averages Per Student
FY2007 and FY2008

School Year	Time Period Audited	Attendance Hours Required by Statute	Attendance Hours Reported to ADE	Audited Actual Attendance Hours	Difference[1]
FY2007	8/14/2006—5/31/2007	720.00	1,020.00	130.00	590.00
Week		20.00	30.80	6.00	14.00
FY2008	8/13/2007—12/31/2007	352.00	542.67	137.50	214.00
Week		20.00	30.83	7.50	12.50
FY2008	1/1/2008—1/11/2008	20.00	30.83	8.00	12.00
Week		20.00	30.83	8.00	12.00
FY2008	1/12/2008—2/6/2008	64.00	98.67	56.00	8.00
Week		20.00	30.83	16.00	4.00

[1] Attendance hours required by statute minus audited actual attendance hours.

Source: Auditor analysis of statutory requirements, School class schedules, and attendance records.

Night School Submitted False Attendance Data to ADE

The Night School submitted false enrollment and attendance information to ADE. Specifically, it submitted false calendars to ADE, since the days it actually held classes did not match the calendars it submitted to ADE at the beginning of the FY2007 and FY2008 school years. In addition, the Night School falsely reported student attendance to ADE for days when classes were not even held. Further, the Night School submitted false daily attendance information to ADE regarding the amount of time students attended classes each day. Finally, the Night School also under-reported to ADE the number of student absences.

- **Night School submitted false calendars to ADE**—The Night School's class calendars that it submitted to ADE for FY2007 and FY2008 were false and did not reflect the Night School's actual schedule. Specifically, the audit found that instead of meeting on five days each week as it reported to ADE, the School offered classes on only two or three days each week.

- **Night School submitted false enrollment and student information to ADE**—In addition to its submitted calendar of instruction days not matching its actual schedule, the School falsely reported to ADE that all of its Night School students were enrolled at the School on days when night school classes were not even held. Specifically, for FY2007, the Night School falsely reported that all 15 of its students attended classes on days that classes were not held. Additionally, the Night School falsely reported to ADE that all 15 of its students were full-time, when they were actually enrolled on only a part-time basis. According to statute, schools can claim full-time status for students that

are enrolled in classes for a minimum of 20 hours each week. However, all 15 of these students were actually enrolled only 6 hours each week.

- **The School falsely reported instructional hours attendance to ADE**—The Night School also submitted false daily attendance information to ADE (the amount of time students attended each day). For FY2007, the School reported students attended 6.17 hours per day, while the audit found that students attended only 2 hours per day. Similarly, for FY2008, the School reported to ADE that students attended 6.17 hours each day to ADE, while auditors determined that the School's actual average daily attendance was between only 2.5 and 4 hours. Table 3 (see page 6), illustrates the Night School's reported instructional hours compared to its actual attendance hours determined in the audit.

- **The Night School under-reported the number of student absences**—The Night School also under-reported student absences. Specifically, for FY2008, 131.6 absences were documented on the School's attendance records but the Night School did not report any of these absences to ADE. However, it is important that schools accurately report their student absences because absence reporting can impact the amount of State Aid a school receives if its absence rate exceeds the statutory limit of 8.5 percent.

Table 4 summarizes the ADM adjustments made for the Night School for FY2007 and FY2008.

Table 4

Pima Partnership High School—Night School
Summary of ADM Adjustments
FY2007 and FY2008

	FY2007	FY2008	Total
Reported ADM	7.630	16.930	24.560
ADM Adjustments			
Attendance Adjustment	(5.550)	(0.374)	(5.924)
FTE Adjustment	(1.135)	(11.817)	(12.952)
Excessive Absences Adjustment[1]	(0.000)	(0.000)	(0.000)
Total Adjustments	(6.685)	(12.191)	(18.876)
Audited ADM	0.945	4.739	5.684

[1] No excessive absences adjustment was necessary because the School's absence rate was less than the statutory threshold of 8.5 percent.

Source: FY2007 ADMS75 and FY2008 ADMS75 and auditor analysis of School attendance records.

The School Was Overpaid Approximately $122,000 for Night School Students

The Night School provided insufficient instruction time to students, incorrectly reported the number of its full-time students, and had poor attendance-taking practices. As a result, its ADM was incorrect, it was overpaid state funds, and it significantly limited the quality of its students' education. Specifically, as a result of the Night School providing students with an insufficient number of instruction days and hours, the School's ADM was incorrect and it was overpaid $42,299 for FY2007, and $79,529 for FY2008. As shown by Table 4 (see page 7), auditors found that the School's poor attendance-reporting procedures and mis-reporting of student FTE resulted in its ADM being over-stated by 6.685 for FY2007 and by 12.191 for FY2008, for a total of 18.876 (see Finding 3, pages 14 through 17 for more information on the School's attendance problems). As shown by Table 5, these ADM overstatements resulted in the School receiving a net overpayment of $121,828 for FY2007 and FY2008.

The School's total overpayment is comprised of multiple adjustments:

- **Adjustment for the School's errors in reporting student attendance**—The School made many errors from incorrectly reporting student attendance to ADE. As stated earlier, the School reported to ADE that students attended classes on days there were no classes, over-reported the amount of time students actually spent in class, and under-reported student absences. These errors resulted in a funding adjustment of $37,533.31 for FY2007 and FY2008.

- **Adjustment for errors in reporting student FTE**—The School's errors from misreporting student FTE at the Night School resulted in a funding adjustment of $84,294.69 for FY2007 and FY2008 that ADE should recover from the School. Specifically, because the School incorrectly reported to ADE that all 15 of its students in FY2007 were full-time when they were actually only part-time, the School incorrectly received full-time funding for them. However, all 15 of these students were actually enrolled on only a part-time basis, so the School should not have reported them as full-time students for funding purposes.

Table 5 lists the audited summary of financial adjustments related to the attendance problems found by the audit. Pima Partnership has already paid back to the State the amount identified for FY2007. ADE needs to collect the $79,529.00 owed for FY2008.

Table 5

Pima Partnership High School—Night School
Summary of Financial Adjustments
FY2007 and FY2008
(Audited)

Adjustment	Amount		
	FY2007	FY2008	Total
Misreported Attendance	$35,119.39	$2,413.92	$ 37,533.31
Misreported FTE	7,179.61	77,115.08	84,294.69
Misreported Absence Rate	0.00	0.00	0.00
Total	$42,299.00	$79,529.00	$121,828.00

Source: Auditor analysis of the School's attendance records.

Student Achievement Impacted Without Sufficient Instructional Hours

Moreover, since the Night School offered significantly fewer instruction days and hours than required by statute, it significantly limited the amount and quality of its night school students' education. Assuming that more instruction days and hours in school results in a better education, the Night School students' quality of education was significantly reduced compared to what it could have been if the Night School had provided students with the statutorily-required number of instruction days and hours.

Recommendation:

1. ADE should recover from the School the $79,529 in ADM overpayments for incorrect Night School student enrollment and attendance reporting for FY2008.

FINDING 2: THE DAY SCHOOL WAS OVERPAID $68,036.97 DUE TO INCORRECT STUDENT DATA REPORTING TO ADE

The Day School was overpaid $68,036.97 in State Aid due to misreported student enrollment and attendance for FY2007 and FY2008. Specifically, the Day School over-reported its student FTE count to ADE, receiving full-time funding for many students who actually attended classes only on a part-time basis. Additionally, the Day School significantly underreported its student absences to ADE. Further, auditors also found that the Day School under-reported attendance for some students. The School has already paid back the $12,321 State Aid overpayment for FY2007 and needs to pay back the $55,715.97 overpayment for FY2008.

Misreported Student Enrollment and Attendance Data

The Day School misreported both its student enrollment as well as its attendance data to ADE. First, the Day School misreported its student FTE count to ADE, which resulted in the school claiming and receiving funding for many full-time students that were actually only part-time. Second, the Day School significantly underreported its student absences to ADE, and when auditors calculated them correctly, they exceeded the statutory threshold and resulted in the need for the School's ADM to be adjusted. Third, the Day School also misreported attendance for both FY2007 and FY2008.

School misreported student FTE to ADE—The Day School substantially misreported its student FTE count to ADE for both FY2007 and FY2008. According to statute, a school is allowed to receive one FTE's worth of funding for a particular student if he/she attends school for 20 hours a week for a total of 720 hours each school year. Therefore, because schools are funded in part based on their reported student FTE count, it is critical that schools report this number accurately to ADE. However, the Day School misreported its student FTE for both FY2007 and FY2008 because it reported all of its students as one FTE each, even though many of them were only part-time and should have been reported as less than one FTE. Specifically, as shown by Table 6 (see page 11), the Day School incorrectly over-reported the FTE count for approximately 27 percent of its students for FY2007 and approximately 35 percent for FY2008. In the future, the Day School should ensure that it reports its student FTE count correctly to ADE.

One reason that the Day School misreported its FTE count to ADE is that it did not use class schedules to calculate the FTE for students, although this is the way schools generally perform this calculation. Instead of using class schedules to identify students' FTE, the Day School simply claimed that each student was eligible for one FTE's worth of funding.

Table 6

Pima Partnership High School—Day School
FTE Error Rates
FY2007 and FY2008

	FY2007		FY2008	
	Day School	Total	Day School	Total
Number of Students	195	210	191	217
Errors	53	68	66	92
Error Rate	27.2%	32.4%	34.6%	42.4%

Source: Auditor analysis of FY2007 and FY2008 FTE counts.

Day School misreported student absences—In addition to misreporting student FTE to ADE, the Day School significantly misreported its student absences to ADE. It is important that schools report absences accurately to ADE because a school's overall absence rate may affect the amount of funding it receives. If a school's absences are excessive and exceed the statutory threshold of 8.5 percent, the school's ADM and funding will need to be calculated in a different manner.[5]

Auditors found that the Day School significantly under-reported its student absences to ADE for both fiscal years audited. As shown by Table 7, the Day School reported to ADE that its absence rate was only 3.53 percent for FY2007 and 9.45 percent for FY2008. However, auditors found that the School's absence rate was actually 12.33 percent for FY2007 and 14.76 percent for FY2008. Both of these absence rates are higher than the threshold found in statute, which means that the School's ADM and funding required an adjustment for both fiscal years. In the future, the Day School should ensure that it reports student absences correctly to ADE.

Table 7

Pima Partnership High School—Day School
Reported and Audited Absence Rate
FY2007 and FY2008

	Reported	Audited
FY2007	3.53%	12.33%
FY2008	9.45%	14.76%

Source: Auditor analysis of FY2007 ADMS75 and FY2008 ADMS75 and attendance records.

Day School misreported student attendance—Because the Day School misreported student absences, this means it also misreported student attendance. As shown by Table 8 (see page 12), the Day School over-reported its student attendance by 6.57 in FY2007 and it underreported it by 7.462 in FY2008. In the future, the Day School should ensure that it reports student attendance accurately to ADE.

[5] According to A.R.S. §15-902(A) and (B), if a school has excessive absences (over 8.5 percent for high school and over 6.0 percent for an elementary or middle school) its ADM must be adjusted. To adjust a school's ADM for excessive absences, auditors calculate the ADM, the Average Daily Attendance (ADA), and the absence to attendance ratio. The ADA will be multiplied by 1.085 if the school is a high school and will be multiplied by 1.060 if the school is an elementary or middle school.

Misreporting Resulted in the Day School ADM Overstated for FY2007 and FY2008

Due to the Day School's misreporting enrollment and attendance, its ADM was incorrect and over-reported for both FY2007 and FY2008. Once auditors determined the multiple problems with the Day School's reporting of student FTE counts, absences, and attendance, they calculated the correct ADM for both fiscal years. The net result is that the Day School received an overpayment of $12,321 for FY2007 and $55.715.97 for FY2008.

Day School's ADM was incorrect for FY2007 and FY2008—Auditors found that the Day School's ADM was incorrect for both fiscal years audited as a result of its poor reporting of FTE, absences, and student attendance. As shown by Table 8, auditors found that the Day School's poor attendance recording and reporting procedures resulted in multiple adjustments that needed to be made to correctly calculate its ADM for both fiscal years. After making multiple adjustments, auditors determined that the Day School's ADM was over-reported by 1.95 for FY2007 and by 8.539 for FY2008 for a total of 10.489 for both fiscal years.

Table 8

Pima Partnership High School—Day School
Summary of ADM Adjustments
FY2007 and FY2008
(Audited)

	FY2007	FY2008	Total
Reported ADM	106.89	116.80	223.69
ADM Adjustments			
Attendance Adjustment	6.57	7.462	14.032
FTE Adjustment	(5.25)	(9.73)	(14.98)
Excessive Absences Adjustment	(3.27)	(6.271)	(9.541)
Total Adjustments	(1.95)	(8.539)	(10.489)
Audited ADM	104.94	108.261	213.201

Source: Auditor analysis of the Day School's attendance records from FY2007 and FY2008.

The Day School received a net overpayment for FY2007 and FY2008—The ADM overstatement identified in the audit resulted in the School receiving a net overpayment for FY2007. As shown by Table 9 (see page 13), the School's net overpayment for FY2007 and FY2008 was $68,036.97 and includes the following adjustments for the School's errors:

- Errors in reporting student FTE: the School's errors from misreporting student FTE in FY2007 and FY2008 resulted in a funding adjustment of $96,673.74.

- Errors in reporting student absences: the School's errors from incorrectly reporting student absences for FY2007 and FY2008 resulted in a funding adjustment of $61,575.21.

- Errors in reporting student attendance: the School's errors from incorrectly reporting student attendance for FY2007 and FY2008 resulted in a funding adjustment of $90,211.98.

Pima Partnership has already paid back to the State the overpayment received for FY2007. ADE needs to recoup the $55,715.97 overpayment for FY2008.

Table 9

Pima Partnership High School—Day School
Summary of Financial Adjustments
FY2007 and FY2008
(Audited)

Adjustment	Amount		
	FY2007	FY2008	Total
Misreported Attendance	($ 41,542.06)	($48,669.92)	($90,211.98)
Misreported FTE	33,194.07	63,479.67	96,673.74
Misreported Absence Rate	20,668.99	40,906.22	61,575.21
Total	$12,321.00	$55,715.97	$68,036.97

Source: Auditor analysis of the School's attendance records.

Recommendations:

1. The School should ensure that it reports student FTE accurately to ADE in the future.

2. The Day School should ensure that it reports student absences correctly to ADE.

3. The Day School should ensure that it reports student attendance accurately to ADE.

4. ADE should recover $55,715.97 in State Aid that the School inappropriately received for its Day School students for FY2008.

FINDING 3: POOR ATTENDANCE TAKING PRACTICES CONTRIBUTED TO INACCURATE ATTENDANCE REPORTING

The School's practices for taking attendance at both its Day and its Night School were very poor and contributed to the incorrect student attendance data reported on in Finding 1 (see pages 4 through 9) and Finding 2 (see pages 10 through 13). At the Day School, auditors found that the majority of the School's original attendance records did not match the attendance data it reported to ADE. The Night School's practices for taking attendance were also very poor. ADE and the Arizona State Board for Charter Schools should follow up with the School to ensure that these deficiencies have been adequately addressed.

Since ADE uses schools' reported attendance as the basis for calculating their ADM and their State Aid payments, it is critical that all schools use attendance-taking practices that correctly capture and report student attendance. If a school incorrectly reports its attendance to ADE, its ADM will be incorrect and as a result, the school will receive the incorrect amount of State Aid.

Attendance-Taking Practices at the Day School Were Very Poor

The Day School's poor attendance-taking practices contributed to the School's reporting false attendance data to ADE. Auditors found that the majority of the School's attendance data reported to ADE did not match its original attendance records. The School's attendance data problems resulted partially because it did not properly take student attendance.

Attendance data reported to ADE did not match original student records—Auditors found that the majority of the Day School's attendance data reported to ADE did not match its original attendance records. At the time of the audit, the School used paper timecards for recording student attendance. Day School staff regularly entered the information from the students' timecards into the Day School's computer system, which electronically transmitted this information to ADE. Thus, the total number of student attendance days recorded on the students' timecards should have matched the total number of student attendance days the Day School reported to ADE. However, auditors found discrepancies in almost 70 percent of the attendance records reviewed. As shown by Table 10 (see page 15), 381 (68.28 percent) of the 558 student timecards reviewed from the FY2007 and FY2008 school years were inconsistent with the attendance data that the Day School reported to ADE.

Auditors identified multiple reasons that the Day School' attendance information reported to ADE did not match the original timecards:

- **Timecards recorded students as attending but the Day School reported them to ADE as absent**—Some timecards recorded students as attending the Day School on a particular day, however, they were instead reported to ADE as being absent on that day.

- **Timecards recorded students as absent but the School reported them to ADE as attending**—Some timecards recorded students as absent from the Day School on a particular day, but the Day School reported them to ADE as in attendance.

- **Students recorded as being enrolled yet never reported to ADE as attending**—Some students were recorded on their timecards as being enrolled and attending the Day School, yet the Day School had never reported them to ADE as being enrolled.

Table 10

Pima Partnership High School
Error Rate of Timecards Not Matching SAIS Records
FY2007—Quarters 1, 2, and 3 and
FY2008—Quarter 1
(Audited)

	Number of Timecards Examined	Timecards Not Matching SAIS Records	Error Rate
FY2007—Quarter 1	190	149	78.42%
FY2007—Quarter 2	112	77	68.75%
FY2007—Quarter 3	97	35	36.08%
Total	399	261	65.41%
FY2008-Quarter 1	159	120	75.47%
Total (FY2007-Quarter 1, Quarter 2, Quarter 3, and FY2008-Quarter 1	558	381	68.28%

Source: Auditor analysis of the School's student timecards from FY2007 and FY2008.

Day School did not record student attendance properly—The Day School failed to correctly record student attendance, which directly led to the discrepancies between the Day School's original and submitted attendance data. Specifically:

- **Students, not teachers, took students' attendance**—The Day School did not use teachers to take student attendance for any of its classes. Instead, the Day School relied solely on students to keep track of their own attendance on their paper timecards. When students arrived at the Day School each day, their timecards were supposed to be stamped to show the time they arrived. However, this practice is not aligned with A.R.S. §15-521, which requires that teachers take students' attendance. Additionally, allowing students to keep track of their own attendance data is less reliable than if a teacher kept track of the data. For example, no teacher or other Day School staff member ensured that the stamps on each student's timecard were accurate and reflected the times the students were actually at the Day School.

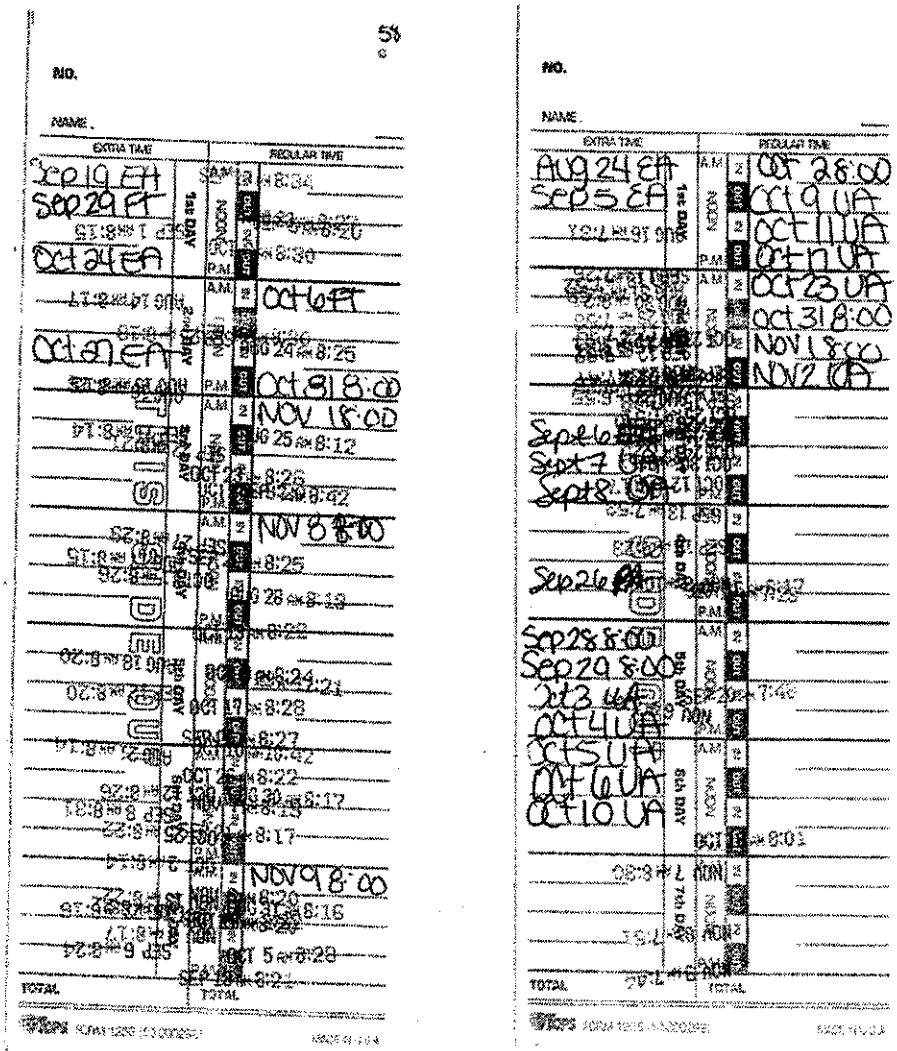
- **Reporting attendance only once each day**—The Day School students were required to record their attendance on their timecards only one time each day, instead of recording attendance throughout the day. Specifically, students were required to record their attendance only when they arrived at the Day School. As a result, the timecards showed that students had been present on the

Day School's campus at one point during the day, not that the students were actually in attendance at all classes throughout the entire school day.

- **Many timecards illegible**—During the review, auditors found that a significant amount of the information on the Day School's timecards was illegible or difficult to read. Specifically, many of the timestamps on the timecards had either faded or overlapped onto other timestamps, making it difficult for auditors to identify specific dates and times that students were at the School. For example, the timecard in Figure 1, illustrates the illegibility of some of the timecards reviewed, as it includes many dates that are difficult to read. Moreover, some of the timecards reviewed had hand-written timestamps, some of which had been erased and were illegible.

Figure 1

Pima Partnership High School
Sample Student Timecard
FY2007



Source: Student timecard from the School for FY2007.

Night School's Attendance-Taking Practices Also Very Poor

Similar to the Day School, the Night School's attendance-taking procedures were very poor and contributed to the incorrect data that the School submitted to ADE. Specifically:

- **All student attendance was recorded by students instead of a teacher**—Contrary to A.R.S. §15-521, all of the Night School's student attendance was recorded by the students instead of by a teacher. The School's practice was for students to sign in at the beginning of the school day sign in sheet.

- **Sign-in sheets had uniform sign-in times**—As shown in Figure 2 (see pages 18 and 19), the sign in sheets all had the same pre-printed sign in and sign out times on them and did not include space or specific directions to account for students who arrived late or left early. As a result, every Night School student was recorded as being in attendance for the full class time, which was not always accurate. In addition, students only recorded their attendance on the sign-in sheets in full day increments. However, in order to be accurate, attendance needs to be recorded hourly and if it is not, it will be incorrect.

- **Attendance for each class was not recorded**—Although the Night School should have recorded student attendance for each class, it did not do so. Specifically, the Night School only recorded student attendance one time each day. However, by recording attendance only once each day, the recorded attendance did not capture when students missed one or more classes. As a result, the Night School's actual attendance was incorrect and likely overstated the number of instructional hours students actually attended.

Recommendations:

1. The School should ensure that student attendance is always taken by teachers rather than students.

2. Additionally, the School should ensure that teachers take attendance for each class rather than only once each day.

Figure 2

Pima Partnership High School
Sample Sign-In Sheet

Pima Partnership High School
Alternative Education

Location: PPHS **Staff:** [redacted] **Date:** 1/7/08

Class: 21st Century Literacy **Days:** Mondays-Thursdays **Hours:** 5:30-8:00

	Type or Print Name	Time in	Time out	Total Time	Subject	Staff Initials Mon.	Staff Initials Tues.	Staff Initials Wed.	Staff Initials Thurs.	Staff Initials Sat.	Student Signature
1.	[redacted]	5 p.m	9 p.m	4	MA/ LA/SS/SCI						[redacted]
2.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
3.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
4.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
5.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
6.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
7.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
8.		5 p.m	9 p.m	4	MA/ LA/SS/SCI						
9.		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
10.		5 p.m	9 p.m	4	MA/ LA/SS/SCI						
11		5 p.m	9 p.m	4	MA/ LA/SS/SCI						
12		5 p.m	9 p.m	4	MA/ LA/SS/SCI						
13		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
14		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					
15		5 p.m	9 p.m	4	MA/ LA/SS/SCI	1/7					

Figure 2 (Concl'd)

Pima Partnership High School
Sample Sign-In Sheet

PPHS 21 Century Literacy Center — Alternative Education

Date 3 Dec 07 — Staff Name [redacted]

	Name	Time In	Time Out	TOTAL TIME	Student Signature	Staff Initials	Comments
1	[redacted]	5:30	8:00	2.50			Math, Reading, Writing, NCE
2		5:30	8:00	2.50			Math, Reading, Writing, NCE
3		5:30	8:00	2.50			Math, Reading, Writing, NCE
4		5:30	8:00	2.50			Math, Reading, Writing, NCE
5		5:30	8:00	2.50			Math, Reading, Writing, NCE
6		5:30	8:00	2.50			Math, Reading, Writing, NCE
7		5:30	8:00	2.50			Math, Reading, Writing, NCE
8		5:30	8:00	2.50			Math, Reading, Writing, NCE
9		5:30	8:00	2.50			Math, Reading, Writing, NCE
10		5:30	8:00	2.50			Math, Reading, Writing, NCE
11		5:30	8:00	2.50			Math, Reading, Writing, NCE
12		5:30	8:00	2.50			Math, Reading, Writing, NCE
13		5:30	8:00	2.50			Math, Reading, Writing, NCE
14		5:30	8:00	2.50			Math, Reading, Writing, NCE
15		5:30	8:00	2.50			Math, Reading, Writing, NCE
16		5:30	8:00	2.50			Math, Reading, Writing, NCE
17		5:30	8:00	2.50			Math, Reading, Writing, NCE
18		5:30	8:00	2.50			Math, Reading, Writing, NCE
19		5:30	8:00	2.50			Math, Reading, Writing, NCE

Please place in designated area each day for attendance purposes. Thank you, PPHS Staff.

Daily Student Sign In

ADM FUNDING ADJUSTMENTS

The audit indentified an overall ADM funding adjustment of $189,864.97 that the School will have to remit to ADE.[6] Statutes allow repayment in 12 months, or 24 months for hardship situations with the approval of the State Superintendent of Public Instruction. Statutes and rules also provide for a formal appeals process through the Office of Administrative Hearings if the District disagrees with the audit results. The School has 30 days from the issuance of the audit report to request an appeal. Attached as Appendix A (see page a-i) are the rules that govern the appeal process.

Table 11 lists the ADM and funding adjustments for the School for FY2007 and FY2008.

Table 11

Pima Partnership High School—Day School and Night School
Misreported Attendance, FTE, Absences, and ADM
Funding Adjustments Required for
FY2007 and FY2008
(Audited)

	FY2007		FY2008		Total	
	ADM Adjustment	Amount	ADM Adjustment	Amount	ADM Adjustment	Amount
Attendance[1]	(1.02)	$(6,422.67)	(7.088)	$(46,256.00)	(8.108)	$ (52,678.67)
FTE	6.385	40,373.68	21.547	140,594.75	27.932	180,968.43
Absences	3.270	20,668.99	6.271	40,906.22	9.541	61,575.21
Total	8.635	$54,620.00	20.73	$135,244.97	29.365	$189,864.97

[1] The audit found that the School under-reported attendance for both fiscal years.

Source: Auditor analysis of SAIS and School student and financial data for FY2007 and FY2008.

[6] The School has already paid back $54,620.00, which was the amount associated with the FY2007 overpayment. Thus, the School still needs to pay back $135,244.97 to ADE.

APPENDIX A

State Rules for Appealing Audits

The audit determination pursuant to A.R.S. §15-915 is an agency action to which you can file an appeal. The audit report and cover letter along with this information serve as notice of your appeal rights under §41-1092.04. Your right to a hearing and right to an informal settlement conference are described below in detail per Arizona Revised Statutes.

A.R.S. §41-1092.03. Notice of appeal able agency action; hearing; informal settlement conference; applicability

A. An agency shall serve notice of an appeal able agency action pursuant to section 41-1092.04. The notice shall identify the statute or rule that is alleged to have been violated or on which the action is based and shall include a description of the party's right to request a hearing on an appeal able agency action and to request an informal settlement conference pursuant to section 41-1092.06.

B. A party may obtain a hearing on an appeal able agency action by filing a notice of appeal with the agency within thirty days after receiving the notice prescribed in subsection A of this section. The notice may be filed by a party whose legal rights, duties or privileges were determined by the appeal able agency action. A notice of appeal also may be filed by a party who will be adversely affected by the appeal able agency action and who exercised any right to comment on the action provided by law or rule, provided that the grounds for appeal are limited to issues raised in that party's comments. The notice of appeal shall identify the party, the party's address, the agency and the action being appealed and shall contain a concise statement of the reasons for the appeal. The agency shall notify the office of the appeal and the office shall schedule a hearing pursuant to section 41-1092.05, except as provided in section 41-1092.01, and subsection

C. If good cause is shown an agency head may accept an appeal that is not filed in a timely manner.

A.R.S. §41-1092.06. Appeals of agency actions; informal settlement conferences; applicability

A. If requested by the appellant of an appeal able agency action, the agency shall hold an informal settlement conference within fifteen days after receiving the request. A request for an informal settlement conference shall be in writing and shall be filed with the agency no later than twenty days before the hearing. If an informal settlement conference is requested, the agency shall notify the office of the request and the outcome of the conference, except as provided in section 41-1092.01, subsection F. The request for an informal settlement conference does not toll the sixty day period in which the administrative hearing is to be held pursuant to section 41-1092.05.

B. If an informal settlement conference is held, a person with the authority to act on behalf of the agency must represent the agency at the conference. The agency representative shall notify the appellant in writing that statements, either written or oral, made by the

appellant at the conference, including a written document, created or expressed solely for the purpose of settlement negotiations are inadmissible in any subsequent administrative hearing. The parties participating in the settlement conference shall waive their right to object to the participation of the agency representative in the final administrative decision.