Arizona
AuditorGeneral
Making a Positive Difference

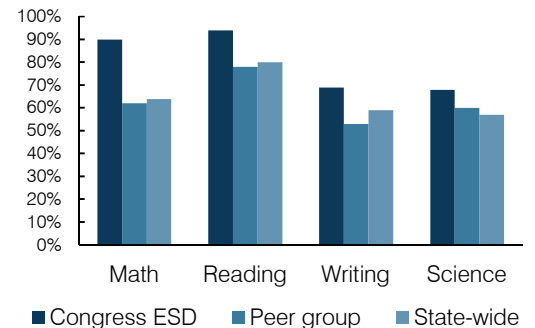**REPORT HIGHLIGHTS**
Performance Audit
February 2017

Congress Elementary School District

CONCLUSION: In fiscal year 2014, Congress Elementary School District's student AIMS scores were higher than the peer districts' averages, and the District operated efficiently overall. Specifically, the District's administrative costs per pupil were 38 percent lower than the peer districts', on average, because it operated with lower administrative staffing levels. However, the District needs to strengthen its accounting and computer controls. The District's plant operations cost per pupil was lower than peer districts' because it operated and maintained 39 percent fewer square feet per student than peer districts. In addition, the District's food service program operated efficiently with a lower cost per meal than peer districts', on average, primarily because it implemented some effective cost-controlling techniques. Lastly, the District's transportation program operated with a much lower cost per mile and per rider because the District transported its riders fewer miles than peer districts, on average, and operated its transportation program with fewer employees than the peer districts, on average.

Student achievement and operational efficiency

Student achievement—For very small districts such as Congress ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. In fiscal year 2014, Congress ESD's student test scores for math, reading, writing, and science were all higher than peer districts' averages. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of A for fiscal year 2014. Of the ten peer districts, two other districts also received As, four received Bs, three received Cs, and one received a D.

Efficient operations overall—In fiscal year 2014, Congress ESD's administrative costs were lower than the peer districts' average primarily because of lower staffing levels. The District's plant operations cost per pupil was lower than peer districts' because it operated and maintained less building space per pupil. The District's food service program operated efficiently with a lower cost per meal than peer districts', on average, primarily because it implemented some effective cost-controlling techniques, such as fully using commodities and having classroom teachers take morning counts of students intending to eat a district-served lunch that day to minimize food waste. Lastly, the District's transportation program operated with a much lower cost per mile and per rider because the District transported its riders fewer miles, on average, than peer districts, and operated its transportation program with only one part-time employee.

District should strengthen accounting and computer controls

In fiscal years 2014 and 2015, Congress ESD lacked adequate accounting and computer controls. These poor controls exposed the District to an increased risk of errors, fraud, unauthorized access to sensitive information, and loss. Specifically:

- **Approval for additional pay not always documented—**The District did not always maintain adequate documentation showing that pay was approved prior to the work being performed. We found that the four employees

Percentage of students who met or exceeded state standards
Fiscal year 2014

■ Congress ESD   ■ Peer group   ■ State-wide

Comparison of per pupil expenditures by operational area
Fiscal year 2014

	Congress ESD	Peer group average
Administration	$1,760	$2,835
Plant operations	1,733	2,137
Food service	608	901
Transportation	514	1,072

who received additional-duty payments in fiscal year 2014 had no documentation indicating that the additional duties and related pay were approved prior to the work being performed.

- **Purchasing procedures need strengthening**—In fiscal years 2014 and 2015, one district employee, with limited review, was responsible for adding new vendors, ordering goods and services, recording expenses, and distributing payments to vendors. The District could better ensure that vendor payments are accurate and appropriate by requiring that an authorized employee, such as the District's superintendent, review the final payment vouchers and vendor checks before sending the payments.
- **Some purchases lacked proper approval**—The District did not always require proper approval prior to purchases being made. We reviewed 30 fiscal year 2014 accounts payable transactions and found 7 that were for purchases made without prior approval. Although the District is very small, it has adequate staffing to ensure proper approval prior to purchases being made.
- **Insufficient documentation for credit card purchases**—The District did not maintain sufficient documentation for some credit card purchases. We reviewed credit card statements for three months in fiscal year 2014 and found over $560 in credit card expenditures that were missing supporting documentation, such as receipts or invoices. Additionally, the District did not consistently reconcile supporting documentation to the credit card statements.
- **Inadequate password requirements**—In fiscal years 2014 and 2015, the District lacked adequate password requirements for access to its computer network. Specifically, passwords were not required to be changed periodically. We identified 11 user accounts, 45 shared accounts, and 6 service accounts with passwords that had not been changed in more than 120 days, and in some instances, user passwords had not been changed in several years.
- **Broad access to accounting system**—We found that in fiscal year 2015, the District granted its three accounting system users more access to the accounting system than they needed to perform their job duties.
- **Shared user accounts**—We found that in fiscal year 2015, the District had 12 network accounts and 1 student information system account that were not assigned to specific individuals, but rather were accounts shared by more than one person. Shared accounts create additional risk because it is difficult or impossible for the District to hold anyone accountable if inappropriate activity were conducted using these accounts.
- **No written agreement for maintaining district accounting system**—The District's accounting system resides at the Yavapai County School Superintendent's Office, but there is no written agreement describing the responsibilities of the District and the Superintendent's Office regarding software licensing; establishing and maintaining user access; ensuring data security, backup, storage, and recovery; and removing former employees' access.
- **Lack of formal contingency plan**—In fiscal years 2014 and 2015, the District lacked a formal, up-to-date contingency plan for its network and critical systems. Having a written and properly designed contingency plan would help ensure continued operations in the event of a system or equipment failure or interruption.

Recommendations

The District should:
- Ensure that all additional employee pay is approved prior to the work being performed.
- Implement proper controls over its purchasing process and ensure purchases are approved before they are made.
- Maintain supporting documentation for credit card purchases and reconcile the documentation to credit card statements.
- Implement and enforce stronger password requirements related to password expiration.
- Limit employees' access to only those accounting system functions needed to perform their job responsibilities.
- Eliminate unnecessary shared network and student information system accounts and properly control any remaining shared accounts.
- Establish a written agreement with the Yavapai County School Superintendent's Office that outlines each party's responsibilities for the District's accounting system.
- Create and test a formal contingency plan.