

Tuba City Unified School District

CONCLUSION: In fiscal year 2015, Tuba City USD's student achievement was lower than the peer districts', and it operated with much higher per pupil costs in most noninstructional areas. Specifically, the District's administrative costs were much higher than the peer districts' average primarily because of higher staffing. In addition, the District needs to strengthen its accounting and computer controls. The District's plant operations costs per square foot and per pupil were much higher than the peer districts' averages, and it operated most of its schools at far below their designed capacities. The District's food service program operated efficiently with a lower cost per meal than the peer districts', on average. Finally, although the District's transportation costs per mile and per rider were much higher than the peer districts' averages, its bus routes were efficient. However, the District lacked adequate documentation to show that its bus drivers met all the State's certification requirements, it could not demonstrate that its buses received required preventative maintenance in a timely manner, and it did not accurately report its number of riders to the Arizona Department of Education for funding purposes.

Lower student achievement and operations were inefficient

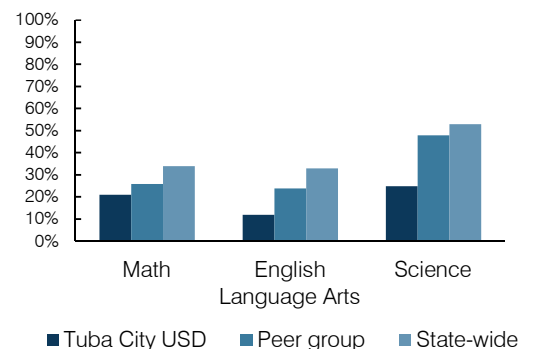
Student achievement lower than the peer districts'—In fiscal year 2015, Tuba City USD's student test scores were similar in math, lower in English language arts, and much lower in science when compared to the peer districts' averages. The District's 68 percent graduation rate in fiscal year 2015 was lower than both the peer districts' 80 percent average and the State's average of 76 percent.

Costs much higher in most operational areas— In fiscal year 2015, Tuba City USD's administrative costs were much higher primarily because of higher staffing. The District's plant operations costs per square foot and per pupil were much higher than the peer districts' averages because the District maintained more square feet per student, and it operated most of its schools far below their designed capacities. The District's food service program operated efficiently with a cost per meal that was lower than the peer districts' average. Finally, the District's transportation costs per mile and per rider were much higher than the peer districts' averages partly because the District operated more bus routes than the peer districts', on average.

Much higher administrative costs

In fiscal year 2015, Tuba City USD's administrative costs per pupil were 65 percent higher than the peer districts' average primarily because it had higher administrative staffing. More specifically, Tuba City USD employed one administrative full-time equivalent (FTE) position for every 44 students while six recently audited peer districts averaged one administrative FTE for every 67 students. The District's staffing levels were higher because it employed more principals; administrative technology positions, such as computer technicians; and business support positions, such as accounts payable clerks, payroll clerks, and warehouse employees.

Percentage of students who met or exceeded state standards
 Fiscal year 2015



Comparison of per pupil expenditures by operational area
 Fiscal year 2015

	Tuba City USD	Peer group average
Administration	\$2,164	\$1,311
Plant operations	2,674	1,483
Food service	660	476
Transportation	993	635

Recommendation

The District should determine and implement ways to reduce administrative costs.

District lacked adequate accounting and computer controls

Accounting controls—The District had an increased risk of errors and fraud because it did not sufficiently separate its payroll and personnel functions. In addition, the District did not always follow proper procurement rules. In fiscal year 2015, the District paid over \$89,000 for financial management services without obtaining written price quotations as the *Uniform System of Financial Records for Arizona School Districts* requires. Further, the District lacked adequate cash-handling controls to ensure that all monies received were properly accounted for. More specifically, the District did not track all student fees to ensure that it received all cash that was collected, ensure receipts were issued for all cash collected, safeguard receipt books by locking them in a cabinet or safe, and ensure the separation of cash collection duties at the District's business office. During the audit, a school site employee admitted to taking \$345 in student fees that the employee had collected in fiscal year 2016.

Computer controls—The District lacked adequate password requirements for access to its computer network. In addition, five of ten accounting system users we reviewed had more access to the accounting system than they needed to perform their job duties. Further, we found seven network user accounts and one accounting system user account with administrator-level access that may not require this level of access. Administrator-level access allows the user full control over computer network and system settings. Lastly, the District lacked adequate procedures for removing access to its network and critical systems, it had one wireless network that was not encrypted, meaning that unauthorized users could detect sensitive data that was transmitted over the network, and its IT contingency plan was incomplete.

Recommendations

The District should:

- Separate its payroll and personnel functions, ensure it follows all procurement rules, and implement proper cash handling controls.
- Implement proper controls over its computer network and accounting system and review its IT contingency plan to ensure it is complete.

High plant operations costs primarily for excess building space

In fiscal year 2015, Tuba City USD's plant operations cost per square foot was 23 percent higher than the peer districts' average, and its cost per pupil was 80 percent higher because it maintained a large amount of excess building space. As a result, the District spent more of its available operating dollars for plant operations, leaving it less money to spend in the classroom. Tuba City USD's schools operated at just 31 percent of capacity, on average, in fiscal year 2015. Maintaining more building space is costly to the District because the majority of its funding is based on its number of students, not the amount of square footage it maintains. To its credit, the District demolished its intermediate school, which was designed to hold almost 800 students, and is replacing it with a small 600-student capacity elementary school. However, given the large amount of remaining excess building space noted above, the District should continue to look for ways to further reduce its excess building space.

Recommendation

The District should continue to review the use of space at its schools and implement ways to reduce identified excess space.

Transportation oversight needs strengthening

In fiscal year 2015, Tuba City USD lacked adequate documentation to show that its bus drivers met all certification requirements and its bus preventative maintenance was performed in accordance with the State's *Minimum Standards for School Buses and School Bus Drivers*. In addition, the District misreported the number of students it transported for state funding purposes.

Recommendation

The District should ensure that bus driver certification and bus preventative maintenance requirements are met and that it accurately calculates and reports its number of students transported for funding purposes.