

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Our Conclusion

In fiscal year 2011, Bicentennial UHSD's student AIMS scores in math and writing were lower than peer districts' averages, its reading scores were similar, and its graduation rate was higher. The District's cost-efficiency in noninstructional areas was mixed, with some costs higher and some lower than peer districts' averages. The District has experienced considerable management-level turnover during the last decade, which may have negatively impacted its operations as evidenced by auditors' having identified opportunities for improvement in multiple operational areas. For example, the District's administrative costs were slightly lower than peer districts averaged, but the District has poor controls over payroll and purchasing and lacks sufficient computer controls. Additionally, in fiscal years 2011 and 2012, the District failed to maintain documentation showing that bus driver certification requirements were met and bus preventative maintenance and repairs were performed. Finally, overproduction and uncollected food charges contributed to the District's need to subsidize its food service program.



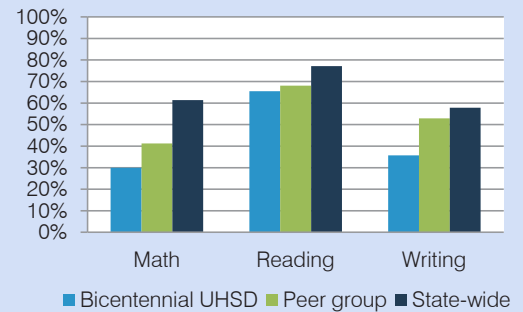
2013

March • Report No. 13-03

## Student achievement and operational efficiency

**Student achievement**—In fiscal year 2011, Bicentennial UHSD's student AIMS scores in math and writing were lower than peer districts' averages, and its reading scores were similar. However, for very small districts, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores and graduation rates. Unlike two of the three peer districts' schools, Bicentennial UHSD's high school met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and the District's fiscal year 2010 85-percent graduation rate was higher than the peer districts' 79-percent average and the State's 78-percent average.

Percentage of students who met or exceeded state standards (AIMS)  
Fiscal year 2011



**Operational efficiencies mixed**—In fiscal year 2011, Bicentennial UHSD spent less per pupil in the classroom when compared to the peer districts' average primarily because it spent less per pupil in total. Although the District's costs were lower than peer districts' in some of the nonclassroom spending areas, auditors identified several opportunities for improvement.

Comparison of per-pupil expenditures by operational area  
Fiscal year 2011

Operational area	Bicentennial UHSD	Peer group average
Administration	\$2,627	\$2,878
Plant operations	2,268	2,664
Food service	772	709
Transportation	1,599	1,207

## Poor payroll and purchasing controls

Bicentennial UHSD's lack of controls over payroll processing exposes the District to an increased risk of errors and fraud, and resulted in incorrect and unsupported payments in fiscal year 2011. For example, some employees were paid without employment contracts and extra-duty approvals, some employees were not paid according to the Governing Board-approved salary schedule, and some employees were overpaid while others were underpaid. Additionally, in fiscal year 2011, the District lacked adequate controls over its purchasing process and did not always follow competitive procurement requirements.

### Recommendations

The District should:

- Ensure that it has current employment contracts with each of its employees, that contracts and payments are based on Governing Board-approved salary schedules, and that employee compensation is based on contracts and actual hours worked.
- Ensure that it follows proper purchasing processes and procurement requirements as outlined in the *Uniform System of Financial Records for Arizona School Districts*.

## District lacks sufficient computer controls to protect sensitive information

The District has weak controls over user access to its network and student information and accounting systems, increasing the risk of unauthorized access to these critical systems. Additionally, the District lacks antivirus software on many of its computers and uses outdated and unsupported operating systems on some of its computers and servers, placing the District at risk of having sensitive information compromised or the network damaged, resulting in costly repairs and service interruption. Additionally, the District's lack of a disaster recovery plan and backup procedures could result in interrupted operations or loss of data.

### Recommendations

The District should:

- Restrict employee access to critical systems, install antivirus software on its computers and servers, and use currently supported operating system software.
- Create a formal disaster recovery plan and test it periodically and store backup tapes in a secure offsite location.

## District needs to strengthen controls in its transportation program

In fiscal years 2011 and 2012, Bicentennial UHSD failed to maintain documentation to show that driver certification requirements were met and preventative maintenance and repairs were performed in accordance with the State's *Minimum Standards for School Buses and School Bus Drivers (Minimum Standards)*. Additionally, the District lacked sufficient controls over its fuel inventory and could not account for 600 gallons of missing fuel over a 3-month period in fiscal year 2012.

### Recommendations

The District should:

- Ensure that driver certification documentation is maintained and that drivers meet all requirements as specified in the *Minimum Standards*.
- Create and implement a preventative maintenance policy and ensure that documentation pertaining to bus preventative maintenance and repairs is maintained.
- Evaluate and implement additional controls over its fuel inventory, restrict access to fuel pumps, and ensure proper accounting of all fuel use.

## Improved oversight of food program needed to reduce \$26,000 shortfall

In fiscal year 2011, Bicentennial UHSD's food service program spent \$26,200 more than it received in food service-related revenues. As a result, the District had to subsidize the program with monies that otherwise potentially could have been spent in the classroom. The District's high food supply costs, which may be the result of producing too many daily meals and keeping poor records, contributed to its need to subsidize the program. Further, the District did not follow its policy regarding students' and staff's charging for meals and did not always collect payment for charges allowed.

### Recommendations

The District should:

- Prepare accurate food production records and use these records to minimize waste from excess food production.
- Enforce its Governing Board-approved policy regarding the maximum meal credit balances that students can accrue and not allow staff to accrue balances.