

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

### Our Conclusion

Creighton ESD has several underperforming schools and faces the challenges of declining enrollment and high percentages of at-risk student populations. To operate more efficiently, the District needs to reduce spending in, and improve oversight of, certain noninstructional areas. Specifically, the District has high administrative costs because of high staffing levels and related salary and benefit costs, as well as significant food expenditures for staff. The District also has high transportation costs because of high staffing levels, including redundant staffing of bus aides, high overtime costs, and a possible theft of fuel. Additionally, the District needs to improve controls over its accounting and payroll systems and improve student transportation safety.



# 2010

### High administrative costs—

Creighton ESD's administrative costs per pupil were 22 percent higher than the comparable districts' average, primarily because it had more business office staff and paid them higher salaries.

#### Administrative Costs Per Pupil Fiscal Year 2008

Creighton ESD	\$843
Comparable districts' average	\$690

More specifically, factors contributing to Creighton ESD's higher administrative costs include:

- More assistant principals—The District had almost twice as many assistant principals as the comparable districts' average.
- More business staff—The District had 60 percent more accounting staff and paid them 14 percent more than the comparable districts' average.
- Full medical and dental payments—The District paid the full medical and dental insurance costs for its full time administrative employees and for the dependents of certain administrators.
- Higher administrator stipends—The District paid stipends to 29 of its 70 administrators totaling \$108,000.
- Employee meals—The District spent over \$120,000 for food and bottled water for staff and Governing Board members not on travel status.

**Recommendations**—The District should evaluate whether it can reduce its number of administrative positions to produce cost savings. The District should also determine whether and to what extent using public monies for purchasing meals and bottled water for staff serves a public purpose and has educational value.

### Inadequate controls over accounting and payroll systems—

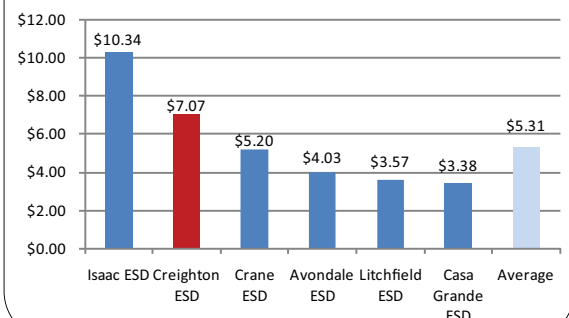
Many of the District's accounting system users had greater access rights to the system than their job duties required. Business office employees had access that allowed them to add vendors, create and approve purchases, pay vendors, and modify employee pay rates. In addition, 6 of 12 employees who left the District in fiscal year 2008 still had access to the system several weeks after their termination. These weaknesses expose the District to an increased risk of errors, fraud and misuse.

**Recommendation**—The District should limit access to the accounting and payroll systems to the minimum necessary for employees to complete their job duties.

### High costs and poor oversight contributed to \$658,000 subsidization of transportation program—

Creighton ESD spent \$658,000 more on transportation services than it received in transportation funding. Higher staffing levels, overtime costs, and a possible fuel theft contributed to the District's spending 33 percent more per mile than comparable districts'.

Transportation Costs Per Mile  
Fiscal Year 2008



The higher transportation salary and benefit costs were primarily due to employing more office staff, erroneously providing two bus aides on buses that required just one, and paying a larger amount of driver overtime. The District's higher supply costs may be due to a possible theft of fuel from the District's storage tanks.

**Recommendation**—To improve the efficiency of its transportation program, the District should evaluate its staffing levels, reduce the amount of overtime paid to bus drivers, establish better controls over the fuel inventory, and develop and monitor performance measures.

**District fails to meet student safety standards**—The District failed to follow some of the required standards for school bus loading and unloading of students. Auditors observed unauthorized vehicles present in school bus-loading areas, school buses backing up in loading areas without honking horns, and inadequate supervision by staff and parents. In addition, the District did not follow required standards for preventative maintenance of buses, such as changing the oil and inspecting the brakes. The District has, but did not use, two computer programs that can help monitor its bus maintenance. These weaknesses in the operation and maintenance of school buses put students' safety at risk.

**Recommendation**—To ensure the safety of its students, the District should comply with existing requirements related to school bus loading/unloading areas and preventative maintenance.

**Plant costs similar, but District should monitor the impact of declining enrollment**—Creighton ESD's plant costs per square foot were similar to the comparable districts' average. However, the District is operating its schools at 80 percent of capacity, and its enrollment continues to decline. Performance audits have recommended that districts operating at less than 75 percent of their building capacity

should consider ways to reduce their excess space and the related costs.

**Recommendation**—If student enrollment continues to decline and the District's building capacity usage drops below 75 percent, the District should consider ways to reduce its excess building capacity and the related costs.

**Similar spending in the classroom despite lower classroom dollars percentage**—Although Creighton ESD's 52.1 classroom dollars percentage is far below the comparable districts' and state averages, the District was able to spend a similar amount per pupil in the classroom because it received significantly more money than the comparable districts', primarily from federal grants. As a result, the District spent approximately \$1,000 more per pupil in total than comparable districts.

**Total Spending and Classroom Dollars Percentage  
Fiscal Year 2008**

	<b>Total Spending Per Pupil</b>	<b>Classroom Dollars Percentage</b>
Creighton ESD	\$8,344	52.1 %
Comparable districts' average	\$7,351	56.8 %

About half of the District's additional nonclassroom spending went to student support and instructional support services, such as counselors, nurses, and teacher training. Most of these expenditures were paid from federal program monies and would be expected for a District with more at-risk students, such as Creighton ESD. However, the audit identified areas for improvement in the District's other nonclassroom operational areas, such as administration and transportation.

**Recommendation**—The District should closely analyze its spending in nonclassroom operational areas, such as administration and transportation, to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.