

REPORT HIGHLIGHTS PERFORMANCE AUDIT

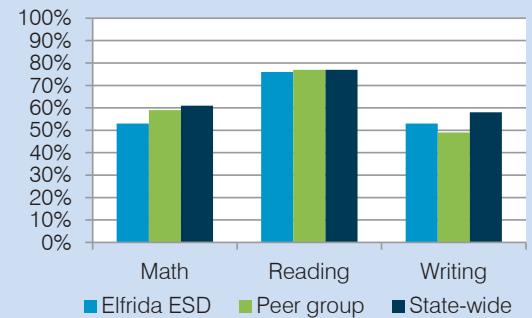
Student achievement and operational efficiency

Our Conclusion

In fiscal year 2011, Elfrida Elementary School District's student AIMS scores for reading and writing were similar to the peer districts' averages, and its math scores were lower. The District's operational efficiencies compared favorably to peer district averages in most areas. All of the District's nonclassroom areas operated with lower per pupil costs than peer districts' averages and were reasonably efficient overall considering the District's small size. However, the District's transportation cost per mile was 59 percent higher than the peer districts' average, partly because of slightly higher staffing levels. Providing transportation services cooperatively with neighboring districts could help bring costs closer to the peer district average. Further, the District needs to strengthen its accounting and computer controls.

Student achievement—In fiscal year 2011, Elfrida ESD's student AIMS scores for reading and writing were similar to peer districts' averages, but math scores were lower. However, for very small districts, such as Elfrida ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. Under the Arizona Department of Education's A-F Letter Grade Accountability System, Elfrida ESD received an overall letter grade of C for fiscal year 2011.

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



District operated efficiently with most costs lower than peer districts'—In fiscal year 2011, Elfrida ESD operated with lower per pupil costs than peer districts' averages in all nonclassroom areas and was reasonably efficient overall considering the District's small size. However, although transportation costs per pupil were lower than peer districts', on average, Elfrida ESD's costs per mile were 59 percent higher, primarily because of slightly higher staffing levels.

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

Per pupil	Elfrida ESD	Peer group average
Administration	\$1,535	\$2,505
Plant operations	1,192	1,681
Food service	584	764
Transportation	668	743

District lacked sufficient accounting controls

Lack of payroll review resulted in overpayments—In fiscal year 2011, Elfrida ESD overpaid two of its employees by a total of \$2,012 because it did not have a payroll review process that included reviewing changes to pay rates.

Some purchases lacked proper approval—The District had an increased risk of errors and fraud because it did not always require proper approval prior to purchases being made. We reviewed 35 fiscal year 2011 accounts payable transactions and found that 16 transactions were for purchases made without prior approval. No inappropriate transactions were detected in the items reviewed. However, preparing purchase orders and having an authorized employee approve them prior to making a purchase would help the District ensure that it has adequate budget capacity and that expenditures are appropriate and properly supported.

Insufficient cash controls—The District needs to improve procedures over cash collections. We reviewed the District's cash-handling procedures and determined that



2013

the District did not maintain appropriate documentation supporting the amount of cash collected. Without sufficient supporting documentation, the District cannot ensure that all cash received was deposited or that cash was deposited in a timely manner.

Recommendations

The District should:

- Implement procedures to review employee pay, including changes to pay rates.
- Ensure all purchases have prior approval.
- Implement proper controls over cash to ensure accurate and timely deposits and prevent theft or loss.

District lacks sufficient computer controls to protect sensitive information

The District lacks adequate controls over user access to its network and systems. More specifically, two employees have full access to the accounting system that would allow them to complete transactions without an independent review and approval. In addition, the District needs stronger controls over passwords for its computer network and student information system. The District allows passwords to be short, does not require passwords to contain numbers or symbols, and does not prompt employees to periodically change their passwords. Lastly, the District's accounting system resides at the Cochise 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, user access, data security, data backup and recovery, and removing former employees' access.

Recommendations

The District should:

- Limit employee access to the accounting system so that one employee cannot complete transactions without an independent review.
- Implement and enforce stronger password controls.
- Establish a written agreement with the Cochise County School Superintendent's Office that outlines each party's responsibilities for the District's accounting system.

District may be able to reduce transportation costs

In fiscal year 2011, Elfrida ESD's transportation cost per mile was \$3.27, 59 percent higher than the peer districts' \$2.06 average. The high costs were due, at least in part, to slightly higher staffing levels. The District employed a part-time transportation director who was responsible for overseeing the program but did not regularly drive a bus route. In contrast, the five peer districts' transportation employees all regularly drove routes. While costs could be lowered by reducing transportation staffing, to bring costs more in line with the peer districts' average, Elfrida should consider providing transportation cooperatively with other districts. Combining operations can help the entities involved make more efficient use of their resources, such as eliminating redundancies in staffing or equipment. Opportunities to combine operations exist with neighboring districts. For example, Elfrida ESD is located only a parking lot away from the high school of a neighboring district.

Recommendations

The District should:

- Review its transportation staffing levels and determine if cost savings can be achieved.
- Examine the possibility of providing transportation cooperatively with neighboring districts.