

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2012, Isaac Elementary School District's student achievement was similar to peer district averages, and the District's operational efficiencies were mixed, with much higher administrative and plant operations costs than peer districts' averages but lower food service costs. Between fiscal years 2007 and 2012, the District decreased its classroom spending while it increased nonclassroom spending, primarily for administration and plant operations. At the end of fiscal year 2011, the District closed two schools to reduce costs, but its administrative and plant operations costs remained high, partly because of higher staffing levels. The District's transportation program operated efficient bus routes but had much higher costs per mile and per rider than peer districts', partly because it operated a smaller program but also because it offered more generous benefits. Finally, the District lacked adequate controls over user access to its computer network and systems.



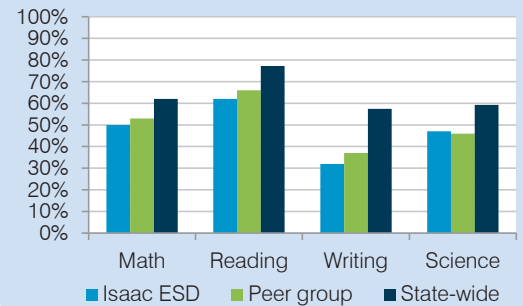
2015

Similar student achievement and mixed operational efficiencies

Student achievement similar to peer districts'—In fiscal year 2012, Isaac ESD's student AIMS scores were similar to the peer district averages in the four tested areas. Additionally, under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of C. Four of the eight peer districts also received Cs, and four peer districts received Bs.

Operational efficiencies were mixed—In fiscal year 2012, Isaac ESD's operational efficiencies were mixed, with some costs higher and some costs lower than peer districts' averages. The District's food service program was efficient with a lower cost per meal than peer districts averaged, but its administration and plant operations were less than efficient with much higher costs than peer districts', on average, primarily because of higher staffing levels. The District's transportation program had high costs per mile and per rider but operated efficient routes.

Percentage of students who met or exceeded state standards (AIMS)
Fiscal year 2012



Comparison of per pupil expenditures by operational area
Fiscal year 2012

	Isaac ESD	Peer group average
Administration	\$ 943	\$796
Plant operations	1,055	811
Food service	542	523
Transportation	172	271

District decreased classroom spending and increased nonclassroom spending

Between fiscal years 2007 and 2012, Isaac ESD's classroom spending decreased by \$584 per pupil, while its nonclassroom spending increased by \$305 per pupil. One reason for the decrease in classroom spending was a \$220 per pupil decrease in Classroom Site Fund (CSF) monies. However, even after accounting for this decrease in CSF monies, classroom spending decreased an additional \$364 per pupil as the District's nonclassroom spending, primarily for administration and plant operations, increased. As a result, the District's percentage of resources directed into the classroom dropped from 56.3 percent in fiscal year 2007 to 51 percent in fiscal year 2012. The increased nonclassroom spending highlights inefficiencies in administration and plant operations that the District should review.

Recommendation

The District should look for ways to reduce nonclassroom spending to allow it to direct more of its monies back into the classroom.

High administrative and plant operations costs

In fiscal year 2012, Isaac ESD's administrative cost per pupil and plant operations costs per pupil and per square foot were much higher than the peer districts' average. To its credit, the District tried to reduce its high costs by closing 2 of its 12 schools at the end of fiscal year 2011. Despite the closures, the District's costs were still high, in part, because of higher administrative and plant operations staffing levels. More specifically, in administration, the District employed more assistant superintendents and other positions, such as administrative assistants, business office staff, and assistant principals. The District's higher staffing in plant operations appeared to be primarily within custodial services, where its staffing levels were much higher than industry standards. Costs were also high in these areas because the District paid 100 percent of full-time employees' insurance costs, including medical and dental insurance. Only 4 of the 15 peer districts paid 100 percent of these same types of insurance costs.

Recommendation

The District should review its administrative and plant operations staffing levels and employee benefits to reduce costs.

District needs to strengthen its computer controls

Isaac ESD lacked adequate controls over user access to its computer network and systems. More specifically, 8 of the District's 19 district office accounting system users had more access to the accounting system than they needed to perform their job duties. Additionally, the District's network, accounting system, and student information system password controls were weak, increasing the risk of unauthorized access to these critical systems. Also, we found 5 network user accounts, 4 accounting system user accounts, and 11 student information system user accounts that were linked to employees who no longer worked for the District.

Recommendations

The District should:

- Review and modify employee access to its accounting system.
- Implement and enforce stronger password controls.
- Implement a process for promptly removing terminated employees' network and system access.

High transportation costs despite efficient routes

In fiscal year 2012, Isaac ESD's transportation program operated efficient bus routes, with buses filled to an average of 90 percent of seat capacity. However, the program's costs per mile and per rider were much higher than peer districts', on average, and the District subsidized the program with \$241,036 that otherwise potentially could have been spent in the classroom. The District may be able to lower its costs and reduce the need for subsidization by reducing its transportation salaries and benefits costs, which were much higher than the peer districts' average. For example, the District paid a larger percentage of transportation employees' medical and dental insurance costs. In addition, Isaac ESD employees received 20 paid holidays each year, which was 10 days more than the peer districts averaged, and the District paid employees more additional pay through stipends and incentives than the peer districts.

Recommendation

The District should review its transportation employee salaries and benefits to reduce costs.