

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2010, Marana USD's student achievement compared favorably to state-wide student achievement indicators but less favorably to its peer districts' averages. With respect to its operations, the District operated efficiently overall with similar or lower costs than peer districts. However, the District should improve its oversight and controls in several areas. For example, the District needs to improve some administrative procedures to reduce the risk of errors and fraud. Additionally, the District should improve controls over bus driver time, fuel usage, and reporting of riders. Finally, the District should ensure that only eligible employees are paid Classroom Site Fund monies and require that teachers actually attain their agreed-upon goals in order to receive additional performance pay.



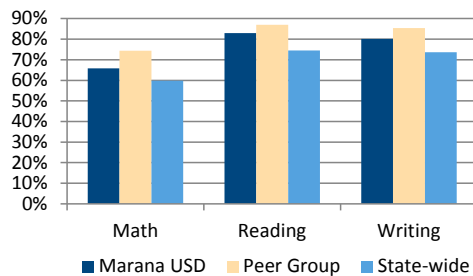
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Lower student achievement and efficient operations

Student achievement higher than state averages but lower than peers'—In fiscal year 2010, Marana USD's student AIMS scores were higher than state averages but lower than peer districts'. Similarly, the District's 84-percent high school graduation rate was higher than the State's 78-percent average but lower than the peer districts' 92-percent average. Additionally, 4 of the District's 16 schools did not meet "Adequate Yearly Progress" for the federal No Child Left Behind Act.

Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010



District operated efficiently overall—In fiscal year 2010, Marana USD operated efficiently overall with similar or lower per-pupil costs than its peer districts in all areas other than transportation. Although the District had higher per-pupil transportation costs than peer districts, its transportation program was reasonably efficient with a slightly lower cost per rider and cost per mile. The District's total per-pupil spending of \$6,971 and classroom spending of \$3,866 were both similar to peer districts' spending.

Per-Pupil Expenditures by Operational Area Fiscal Year 2010

Operational Area	Marana USD	Peer Group Average
Administration	\$637	\$627
Plant operations	860	917
Food service	297	308
Transportation	508	326

Better oversight and controls needed to help reduce the risk of errors and fraud

District was not reimbursed for salary cost of individual on loan to university—Since fiscal year 2008, the District has paid the salary of an individual who had been a district teacher but who went to teach at a nearby university. However, the District was not reimbursed the \$41,000 yearly salary by the university in fiscal years 2010, 2011, and 2012.

District may have improperly included a nondistrict employee in state retirement system—In fiscal years 2005 through 2010 and potentially prior to this time period, the District paid the salary of an individual who had been a district teacher

but who went to work full-time for an education association. The District continued to include the individual in the Arizona State Retirement System, which may have been inappropriate.

District did not always maintain accurate employee leave balances—In fiscal year 2010, for 2 of 30 employee files we reviewed, the District neglected to deduct 16 and 25 hours of leave, respectively, that the 2 employees took during the year.

District granted overly broad access to accounting system—Auditors scanned

the District's user access report for all 150 users and found 7 users with access that would allow them to complete transactions without an independent review and approval.

Many purchases lacked proper approval—For 19 of 30 purchases we reviewed, the District was unable to show proper site-level approval. Additionally, 4 of the 30 purchases occurred prior to the creation and approval of a purchase order, in contrast to district policy and proper procurement practices.

District did not accurately report its costs—We identified classification errors totaling approximately \$3.7 million of the District's total \$86 million in current spending. When corrected, these changes decreased the District's reported instructional

expenditures by about \$1.1 million, or 1.3 percentage points.

Recommendations—The District should:

- Obtain payment for the teacher working at the university and determine whether the education association employee was eligible to participate in the Arizona State Retirement System.
- Ensure that it properly deducts employee leave balances.
- Limit employees' access to only those accounting system functions needed.
- Ensure that all purchases are approved prior to being made.
- Classify transactions in accordance with the Uniform Chart of Accounts for school districts.

Transportation program reasonably efficient, but District should improve controls over bus driver time, fuel usage, and reporting of riders

District paid bus drivers for hours not worked—The District paid each driver for 40 hours per week regardless of the number of hours worked. For fiscal year 2010, we found that nine of the ten drivers reviewed were paid for more hours than they actually worked. Additionally, we found that some drivers were paid overtime for trips or routes outside of their regular schedules even though they did not work 40 hours during the week.

Inadequate controls over fuel inventory increases risk of theft—District officials are not monitoring fuel logs to ensure that fuel usage is appropriate. Auditors reviewed district documents from July 2011 to October 2011 and found that 648 gallons of unleaded gasoline were unaccounted for.

District incorrectly reported number of riders for

state transportation funding— In fiscal year 2010, the District incorrectly reported about 600, or 9 percent, more riders than they actually transported. Although this error did not affect the District's funding in this case, the District should report students actually transported in the future to ensure accurate funding.

Recommendations—The District should:

- Limit the amount of nonproductive time for which it pays its bus drivers, and monitor employee time to ensure it appropriately pays overtime.
- Review fuel logs to ensure fuel purchases are appropriate.
- Track and report the actual number of students transported.

District paid some Classroom Site Fund monies to ineligible individuals and for unmet goals

In fiscal year 2010, the District spent some Classroom Site Funds (CSF) monies inappropriately. The District paid CSF monies to nine ineligible individuals including two individuals who were not district employees during fiscal year 2010. Additionally, the District did not require teachers to actually meet their goals to earn performance pay.

Recommendations—The District should:

- Ensure that only eligible employees receive CSF monies.
- Require that teachers attain their agreed-upon goals in order to receive additional performance pay.