

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2012, Maricopa USD's student achievement was similar to its peer districts', and its operational efficiencies were mixed with some costs higher and some costs similar to, or lower than, peer districts' averages. The District operated its administration with similar costs, and its food service program was efficient with a much lower cost per meal. However, its plant operations costs were slightly higher primarily because the District maintained excess building space. Additionally, its transportation program had much higher costs primarily because the District employed many more bus aides. Further, the District needs to strengthen controls over its purchasing practices, cash handling, and fuel purchases. Finally, the District taxed for and spent \$1.3 million for activities that it classified as desegregation activities, but it could not demonstrate that the monies addressed its violation because it did not have any documentation related to the desegregation case, and district officials could not explain the purpose or goals of its desegregation spending.

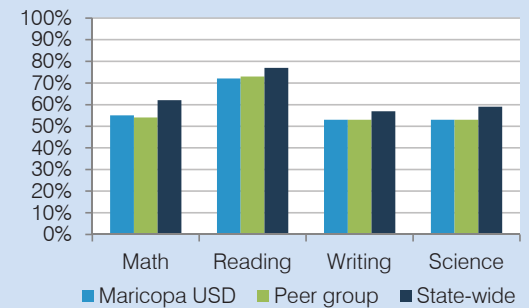


2015

Similar student achievement and mixed operational efficiencies

Student achievement similar to peer districts'—In fiscal year 2012, Maricopa USD's student AIMS scores were similar to peer districts' averages in the four tested areas. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, Maricopa USD received an overall letter grade of C for fiscal year 2012. Three of the peer districts also received a letter grade of C, while one received an A, five received a B, and one received a D. The District's 76 percent graduation rate was similar to the peer districts' 80 percent average and the State's 77 percent average.

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



Operational efficiencies mixed—In fiscal year 2012, Maricopa USD's administrative costs were similar to peer districts', and its food service program was efficient with a much lower cost per meal. However, its plant operations costs were slightly higher than peer districts' primarily because the District maintained excess building space, and its transportation costs were higher primarily because the District employed many more bus aides.

Comparison of per pupil expenditures by operational area
Fiscal year 2012

	Maricopa USD	Peer group average
Administration	\$765	\$748
Plant operations	985	933
Food service	352	354
Transportation	430	369

Inadequate accounting controls increased risk of errors and fraud

In fiscal year 2012, Maricopa USD lacked adequate controls over its purchasing and cash handling. More specifically, the District did not always require proper approval prior to purchases being made and some payments were not made in a timely manner, resulting in late fees. Additionally, the District had not established proper controls over cash collections to ensure that all monies received were properly accounted for. More specifically, individual employees were solely responsible for all cash-handling responsibilities without an independent review; receipts were not issued for some purchases to help ensure that all cash collections were properly recorded; and reconciliations were not performed to help ensure that proper amounts were collected and deposited.

Recommendation

The District should ensure it follows proper purchasing and cash-handling processes as outlined in the *Uniform System of Financial Records for Arizona School Districts*.

District officials could not demonstrate that \$1.3 million of desegregation expenditures addressed violation

In fiscal year 2012, Maricopa USD increased its budget and spent approximately \$1.3 million for activities that it classified as desegregation activities in response to a discrimination violation cited by the U.S. Department of Education's Office for Civil Rights. The District has increased its budget for desegregation spending since at least fiscal year 2002, but could not demonstrate that the monies addressed its discrimination violation because it did not have any documentation pertaining to the desegregation case, and district officials could not explain the purpose or goals of its desegregation spending.

Recommendation

The District should ensure that there is a clear understanding of the Office for Civil Rights violation and ensure it is spending its desegregation dollars on costs that directly support the program's goals.

District should review options to address excess building capacity

Maricopa USD experienced considerable growth between fiscal years 2002 and 2010, and the District built many new schools to accommodate the expected continuation of this growth. However, this expected continuation of growth did not materialize. In fact, the District experienced a fairly large decline in student enrollment between fiscal years 2010 and 2012. As a result, the District's schools operated at just 60 percent of designed capacity in fiscal year 2012. Operating such a large amount of excess space is costly to the District. Based on the District's \$5.88 plant operations cost per square foot, it appears the District could potentially save about \$1 million annually in plant operations costs alone by reducing its square footage to a level where it operates its schools closer to 80 percent of designed capacity.

Recommendation

The District should evaluate its use of space and implement ways to reduce identified excess space.

District had much higher transportation costs and should strengthen controls

In fiscal year 2012, Maricopa USD's transportation costs were much higher than peer districts', on average, primarily because the District employed many more bus aides. Bus aides assist students with getting on and off the bus and help maintain orderly conduct. The District employed 17 bus aides while only 5 of the 15 other peer districts reported employing any bus aides, and those 5 districts employed only 4 bus aides each, on average. The District also lacked sufficient controls over its fuel inventory, and auditors identified large fluctuations in miles per gallon for some buses that may be due to poor recordkeeping or possible inappropriate fuel use. Further, the District uses fuel purchase cards for filling other vehicles at other locations, but the fuel cards were not adequately secured, some fuel purchase receipts were missing, and our review of the billings identified some unusual purchases such as purchases occurring on weekends and late evenings.

Recommendations

The District should:

- Review staffing levels to determine whether they can be modified to produce cost savings.
- Develop and implement proper controls over its fuel inventory and fuel cards.