McNeal Elementary School District

Our Conclusion

In fiscal year 2011, McNeal Elementary School District's student AIMS scores were lower than or similar to peer districts' averages. Although per pupil costs were high in some operational areas, the District was relatively efficient overall. McNeal ESD's per pupil administrative costs were higher than the peer districts' average, but only because the District served fewer students. The District's food service program also had higher per pupil costs, but its cost per meal was similar to the peer districts' average. However, the District subsidized its food service program with $23,000 that otherwise potentially could have been spent in the classroom. In addition, McNeal ESD's plant operations and transportation program were both reasonably efficient, with lower costs per square foot and per mile, respectively. McNeal ESD paid a neighboring district to transport high school students living within McNeal ESD's boundaries. As allowed by law, both districts received full funding for the route miles. Lastly, the District needs to strengthen some of its purchasing and computer controls.
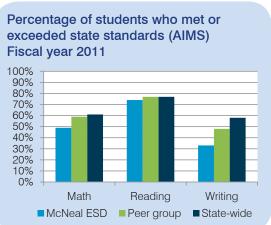
2013

Student achievement and operational efficiency

Student achievement—In fiscal year 2011, McNeal ESD's student AIMS scores for math and writing were lower than the peer districts' averages, and its reading scores were similar. However, for very small districts, such as McNeal ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. Additionally, the District's school met "Adequate Yearly Progress" for the federal No Child Left Behind Act.

District was relatively efficient overall—In fiscal year 2011, McNeal ESD spent a similar total amount for administration as peer districts. Its administrative costs per pupil were higher simply because it had only 53 students compared to the peer district average of 77 students. The District's food service program also had higher per pupil costs, but its cost per meal was similar to the peer districts' average. The District's plant operations and transportation program were both reasonably efficient, with lower costs per square foot and per mile, respectively.

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

■ McNeal ESD ■ Peer group ■ State-wide

Comparison of per pupil expenditures by operational area
Fiscal year 2011

Per pupil	McNeal ESD	Peer group average
Administration	$3,193	$2,505
Plant operations	1,577	1,681
Food service	914	764
Transportation	628	743

District had inadequate purchasing and computer controls

Inadequate purchasing controls—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 33 fiscal year 2011 accounts payable transactions and found that 10 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. In addition, the District incurred $648 in finance charges and late fees because it did not make credit card payments in a timely manner.

Inadequate computer and network controls—The District lacks adequate controls over user access to its network and accounting system. 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. 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. Further, the District's computer server and other network equipment was not properly protected. The District's computer server was stored in an unsecured room used as a student computer lab that was accessible to all district staff and students, and some computer networking equipment was located next to the District's water heater in a small room that lacked climate control and fire suppression equipment.

Recommendations

The District should:
- Ensure all purchases have prior approval, and make credit card payments in a timely manner.
- Limit employee access to the accounting system so that one employee cannot complete transactions without an independent review.
- Implement and enforce stronger password controls.
- Limit physical access to its computer server room and ensure the room is properly cooled and has a fire extinguisher nearby.

Food service program required a $23,000 subsidy

Although McNeal ESD's fiscal year 2011 $3.82 cost per meal was similar to the peer districts' average, the District subsidized its food service program with $23,000 that otherwise potentially could have been spent in the classroom. In order to reduce the need to subsidize its food service program, McNeal ESD should evaluate and consider making changes to several practices in its food service program. For example, the District allowed students to charge an unlimited number of meals to their individual meal accounts. In May 2011, 13 students, or 25 percent of the District's students at the time, had unpaid meal balances totaling over $2,800. In addition, the District spent $4,400 to provide free meals to employees. Further, the District's $1.25 student meal price was much lower than its cost per meal, and lower than peer districts' meal prices, on average; the District used only 76 percent of its United States Department of Agriculture (USDA) commodity allocation; and the District did not monitor food service performance measures such as cost per meal or meals per labor hour.

Recommendations

The District should:
- Implement a formal written policy for student meal charges and evaluate its policy of providing free meals to staff.
- Consider increasing its student meal prices.
- Plan menus to maximize USDA commodity usage.
- Develop and monitor food service performance measures.

Two districts claim same route mileage for transportation funding

In fiscal year 2011, McNeal ESD paid a neighboring high school district to transport the high school students living within McNeal ESD's boundaries to the neighboring high school. Because these routes included students from both districts, both districts claimed the miles traveled for funding purposes, as allowed by law. As a result, state and local taxpayers funded the same miles twice. There is potential for increased costs to the State if more districts began operating this way.

Recommendation

The Legislature may want to consider whether the intent of Arizona Revised Statutes §15-901 et seq was to allow districts to jointly operate transportation programs but continue to receive full funding as if they were operating separately.