

Patagonia Elementary and Union High School Districts

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Student achievement and operational efficiency

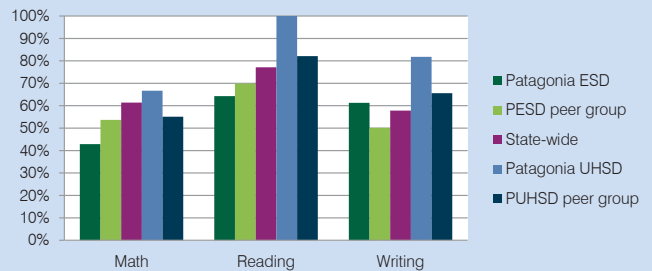
Our Conclusion

In fiscal year 2011, Patagonia ESD's student AIMS scores in math and reading were lower than peer districts' averages, and its writing scores were higher. Patagonia UHSD's scores were higher than peer districts' averages in all three subject areas. However, for very small districts, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores and graduation rates. Both districts' schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and the high school's 95-percent graduation rate was higher than the 89-percent peer average and the 78-percent state average.

Operational efficiencies mixed, with some costs higher and some costs lower— Auditors combined Patagonia ESD and Patagonia UHSD operations, henceforth referred to as Patagonia SD, for comparison purposes because these districts essentially operate as one. In fiscal year 2011, Patagonia SD's cost-efficiency in noninstructional areas was mixed, with some costs higher and some costs lower than peer districts', on average. The District's plant operations and food service costs were similar to peer districts', its administrative costs were slightly higher, and its transportation program was reasonably efficient despite its higher cost per student.

Student achievement—In fiscal year 2011, Patagonia ESD's student AIMS scores in math and reading were lower than peer districts' averages, and its writing scores were higher. Patagonia UHSD's scores were higher than peer districts' averages in all three subject areas. However, for very small districts, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores and graduation rates. Both districts' schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and the high school's 95-percent graduation rate was higher than the 89-percent peer average and the 78-percent state average.

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



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

Per pupil	Patagonia SD	Peer group average
Administration	\$3,461	\$3,184
Plant operations	2,801	2,833
Food service	766	740
Transportation	2,080	1,165

Combined operations saved money but more can be done

In fiscal year 2011, Patagonia ESD and Patagonia UHSD saved money by operating essentially as one district, sharing staff and a primary campus. Despite combined operations, Patagonia SD's administrative costs were slightly higher because it employed slightly more administrators and school and business office support staff. Further, the District operated two separate campuses despite both campuses operating below 25 percent of full student capacity. Downsizing to one campus and reducing excess building space would save money in multiple operational areas and increase available money for classroom spending, which was \$1,660 lower per pupil than peer districts', on average.



2013

Recommendations

The District should:

- Review its administrative staffing levels for cost savings opportunities.
- Review its building usage and determine whether excess space can be closed to reduce costs.

District lacked sufficient controls in multiple operational areas

In fiscal year 2011, Patagonia SD lacked sufficient controls over multiple operational areas, including controls over its payroll and accounts payable processing and controls over its computer network and student information and accounting systems. For example, some additional-duty pay and purchases lacked prior approval; some employees had more access to the District's accounting system than necessary to perform their job duties; password requirements were weak; a formal, up-to-date disaster recovery plan was not maintained; and there was no process to ensure security updates were performed. The District also had poor controls over facility keys because it left key-cutting machines and blank keys easily accessible and failed to inventory existing keys. Further, the District lacked sufficient transportation program controls. For example, the District failed to perform bus preventative maintenance in a timely manner, did not ensure that bus driver certification requirements were met, and did not implement proper controls over its fuel inventory.

Recommendations

The District should:

- Ensure that all transactions are approved prior to being completed.
- Protect its computer systems with appropriate user-access levels, stronger password requirements, disaster recovery and backup procedures, and a process to ensure security updates are performed.
- Develop bus preventative maintenance schedules and ensure that its bus drivers meet eligibility requirements.
- Safeguard facilities and fuel inventory by implementing appropriate controls over access to them.

Cooperatively providing transportation services likely saved the districts money, but raises funding questions

In fiscal year 2011, Patagonia UHSD provided student transportation services for Patagonia ESD and another nearby elementary school district. Students from the districts generally rode together on the same buses, which likely reduced the number of buses and bus drivers needed to transport the districts' students. All three districts submitted fiscal year 2011 transportation mileage reports used by the State to calculate transportation funding. Because most routes included students from at least two of the three districts, the miles traveled on most bus routes were claimed for funding purposes by two or three districts, as allowed by law. As a result, state and local taxpayers often funded the same miles two or three times. However, if the districts ceased their partnership and went back to operating their own transportation programs, the number of miles funded would likely be similar, but the districts' costs would increase. There is a 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 A.R.S. §15-901 et seq was to allow districts to jointly operate transportation programs but continue to receive full funding as if they were separately operating their routes.