

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2010, Prescott Unified School District's student achievement was higher than both its peer districts' and state averages, and it spent less per student than peer districts in administration, plant operations, food service, and transportation. To accommodate its school choice policy, the District has developed an uncommon hub-style student transportation system with transfers similar to many public transportation systems. As a result, district officials estimated that about one-half of its elementary school students attend a different school than they would with traditional school boundaries. However, this transportation system makes it more difficult to track ridership, and the District over-reported its number of riders. The District also needs to improve controls over its fuel purchase cards and access to critical information systems.



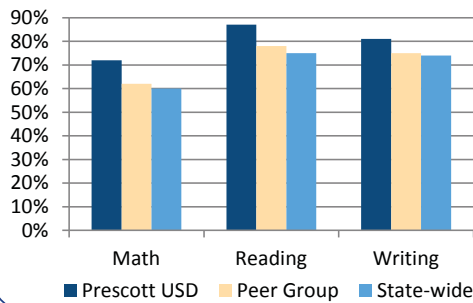
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Higher student achievement and lower operational costs

Student achievement higher than peers and state averages—In fiscal year 2010, Prescott USD's student AIMS scores were higher than both peer districts' and state averages. Further, seven of the District's nine schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and the District's 85-percent high school graduation rate was slightly higher than the peer group average of 83 percent and the state average of 78 percent.

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



Lower operational costs—Prescott USD operated with lower per-pupil costs in administration, plant operations, food

service, and transportation than its peer districts.

Prescott USD's fiscal year 2010 per-pupil spending of \$6,261 was \$835 less per pupil than its peer districts' and one of the lowest per-pupil spending amounts in the State. The District had less money available primarily because it (1) did not receive additional funding through voter-approved budget overrides to increase its budget, (2) received less student transportation funding because it drove fewer miles, and (3) received less state funding related to student demographics because the District had fewer students with special needs and fewer English language learners.

Per-Pupil Expenditures by Operational Area Fiscal Year 2010

Operational Area	Prescott USD	Peer Group Average
Administration	\$625	\$748
Plant operations	718	874
Food service	280	322
Transportation	247	396

Transportation program helps provide students school choice, but better controls and oversight over rider counts and fuel cards needed

Prescott USD has a long-standing, very open school choice policy, allowing its students to attend any of its schools. As a result, district officials estimated that about one-half of its elementary school students attend a different school than they would with traditional school boundaries. To accommodate its school choice policy, the District has developed an uncommon hub-style student transportation system with transfers similar to many public

transportation systems. For example, a typical Prescott USD morning bus route will involve drivers picking up students at pick-up points before making stops at several schools where some students are dropped off, some are picked up, and some stay onboard for the next school.

Student transportation riders misreported—Based on cost-per-mile measures, the District's transportation

program appears efficient with a cost per mile of \$2.67, which is 21 percent lower than the peer districts' average. However, its cost per rider could not be determined because the District did not accurately count the number of riders transported. Specifically, the District double-counted some riders because they rode more than one bus both to and from school each day.

District needs to strengthen controls over fuel cards—Because Prescott USD does not own its own fuel tank, it provides fuel cards to bus drivers and maintenance workers to obtain fuel from a local vendor's site. In fiscal year 2010, district employees charged a total of \$209,000 on 75 fuel cards. We noted several issues with fuel card use.

- **Fuel cards not adequately secured**—Fuel cards were kept in each bus, which remained unlocked when not in use.
- **Fuel purchase receipts missing**—Although the District reviews its billing statement and requests that employees submit all fuel purchase receipts, district officials indicated and we found that receipts were often missing.

- **Vehicles fueled not identified**—The billing statements do not identify the vehicle that was fueled, making monitoring of fuel purchases more difficult. For instance, the District was unable to calculate miles per gallon for each vehicle as a reasonableness test of the fuel purchases.
- **Review of billings identified some unusual purchases**—We scanned seven of the vendor's billing statements and identified some unusual purchases, such as a diesel bus fuel card used to purchase premium unleaded fuel and occasions when a fuel card was used to purchase fuel more than one time per day or used to purchase fuel at odd times in the night.

Recommendations—The District should:

- Evaluate and implement methods for determining accurate student rider counts.
- Better secure the fuel cards.
- Ensure receipts are submitted for all purchases.
- Work with its fuel vendor to ensure billing statements identify the vehicle fueled.
- Investigate unusual purchases.

Lack of computer controls to adequately protect sensitive information

Prescott USD lacks adequate controls over its computer systems. Seven district employees have complete access to the entire accounting system, and many employees have administrator-level access to make changes to computer network settings. Although no improper transactions were detected in the sample we reviewed, access beyond that which is necessary to perform job functions exposes the District to increased risk of errors and fraud. In addition, the District does not have procedures in place to ensure that only current employees have access to critical applications. We found that four user accounts in the student information system and one user account in the accounting system were linked to employees who no longer worked for the District. Further, the District needs to strengthen password requirements for its

critical systems, better secure wireless access to its network, and create a formal disaster recovery plan.

Recommendations—The District should:

- Limit employees' access to only those accounting system functions needed to perform their work.
- Review and reduce the number of users with administrator-level access.
- Ensure that terminated employees' system access is promptly removed.
- Implement and enforce password requirements.
- Secure wireless access to its network.
- Create and implement a formal disaster recovery plan.