

REPORT HIGHLIGHTS PERFORMANCE AUDIT

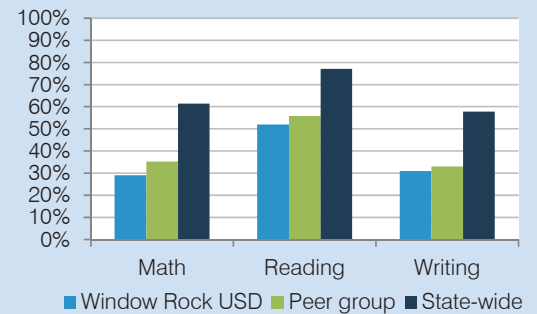
Similar student achievement, but much higher costs

Our Conclusion

In fiscal year 2011, Window Rock Unified School District's student achievement was similar to peer districts' averages overall, but the District operated inefficiently with much higher costs in most operational areas. The District's per pupil administrative costs were much higher than peer districts', and it lacked adequate controls over its vehicles, purchasing, cash handling, and computer systems. The District's plant operations costs were also much higher than peer districts' because the District maintained more building space per student, which was likely not needed because Window Rock USD operated its schools far below their designed capacities. The District's food service costs were higher than peer districts' primarily because the District had high food supply costs, likely from not taking advantage of available federal food commodities. This resulted in the District having to subsidize the program with more than \$108,000. Lastly, the District's spending has shifted away from the classroom.

Student achievement similar to peer districts'—In fiscal year 2011, Window Rock USD's student AIMS scores for reading and writing were similar to peer districts' averages, and its math scores were slightly lower. Like most of its peers, the District received an overall letter grade of D under the Arizona Department of Education's A-F Letter Grade Accountability System. The District's 65 percent high school graduation rate was similar to the peer districts' 70 percent average but lower than the State's 78 percent average.

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



Most operational costs much higher than peer districts'—In fiscal year 2011, Window Rock USD's operational spending of \$11,076 per pupil was much higher than peer districts'. Of this additional spending, only 34 percent went to the classroom, in part because the District operated inefficiently in administration, plant operations, and food service.

Comparison of per pupil expenditures by operational area
Fiscal year 2011

	Window Rock USD	Peer group average
Administration	\$1,310	\$790
Plant operations	1,779	1,044
Food service	428	368
Transportation	423	415

High administrative costs and inadequate controls

More positions and higher purchased services—Window Rock USD spent 66 percent more per pupil on administration than its peer districts averaged primarily because it employed more administrative staff and had higher costs for consultants and travel. Had the District spent a similar per pupil amount as its peer districts averaged, it would have saved nearly \$1.3 million.

Poor controls over district vehicles and fuel—The District provided vehicles to 14 employees, but lacked formal policies and procedures covering these vehicles' use and did not monitor district vehicle and fuel usage to ensure that employees used them only for district purposes.

Poor purchasing, cash-handling, and computer controls—The District had an increased risk of errors and fraud because it did not always require proper approval prior to purchases being made. Additionally, the District did not always follow procurement rules and needs to improve cash-handling controls. Further, the District's weak controls over user access to the District's network and accounting and student information systems increased the risk of unauthorized access to these critical systems.



2014

Recommendations

The District should:

- Review its administrative positions and travel needs to reduce costs.
- Implement proper controls over district-provided vehicles and related fuel, purchasing, and cash handling.
- Strengthen controls over user access to the District's network and systems.

Plant costs high because of excess building space

In fiscal year 2011, Window Rock USD's per pupil plant operations costs were 70 percent higher than peer districts', on average, primarily because the District operated and maintained substantially more square footage per pupil than the peer districts averaged. This extra square footage was likely not needed because all of the District's schools operated far below their designed capacities. More specifically, Window Rock USD's schools operated at between 40 and 64 percent of their designed capacities in fiscal year 2011, and the District overall operated at less than 50 percent of its total designed capacity. Maintaining more building space per student is costly to the District because the majority of its funding is based on its number of students, not the amount of square footage it maintains. Had Window Rock USD maintained a similar amount of school building space per student as its peer districts averaged, it potentially could have saved more than \$747,000, monies that the District otherwise potentially could have spent in the classroom.

Recommendation

The District should review its use of school building space and reduce excess space.

Food service program required \$108,000 subsidy

In fiscal year 2011, Window Rock USD's \$2.89 cost per meal was 12 percent higher than the peer districts' \$2.58 average. It was also higher than both the student meal price the District charged and the National School Lunch Program's federal reimbursement rate for free meals. Costs were higher primarily because the District had high food supply costs, likely from not taking advantage of available federal food commodities. As a result, the District had to subsidize the program with more than \$108,000 that it otherwise potentially could have spent in the classroom.

Recommendation

The District should maximize its use of federal food commodity allotments to minimize food supply costs.

District's spending increased, but not in the classroom

Despite an increase of \$2,116 per pupil in total operational spending between fiscal years 2003 and 2011, Window Rock USD's classroom spending increased only \$4 per pupil. As a result, the District's percentage of resources directed into the classroom dropped from 57.5 percent in fiscal year 2003 to 46.5 percent in fiscal year 2011—an 11 percentage point decrease. Some of the factors affecting increased nonclassroom expenditures were outside the District's control, but this shift away from classroom spending also highlights operational inefficiencies within the District's control that it should review.

Recommendation

The District should look for ways to reduce nonclassroom spending to allow it to direct more of its monies back into the classroom.