

## Red Mesa Unified School District

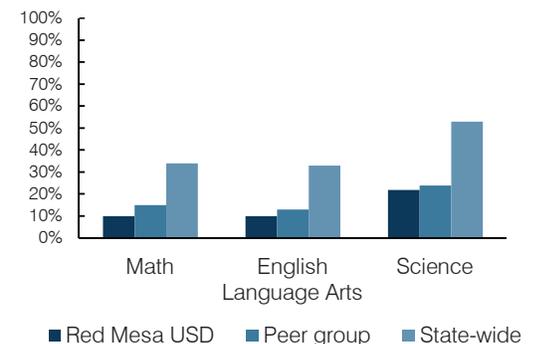
**CONCLUSION:** In fiscal year 2015, Red Mesa USD's student achievement was similar to the peer districts', and it operated with much higher per pupil costs in all noninstructional areas. Specifically, the District's administrative costs were much higher than the peer districts' average primarily because of higher staffing. In addition to much higher administrative costs, the District lacked adequate accounting and computer controls, which exposed it to an increased risk of errors, fraud, and misuse of sensitive information. The District's plant operations costs per pupil and per square foot were much higher than the peer districts' averages because the District maintained excess building space, had higher energy costs, and employed more maintenance and security staff. The District's food service program cost per meal was higher than the peer districts' average, but the District implemented new practices in fiscal year 2016 that allowed it to obtain lower prices for certain food items. Finally, the District's transportation program was reasonably efficient despite costs per mile and per rider that were much higher than the peer districts' averages. The District's costs were higher primarily because it traveled fewer miles and transported fewer riders than peer districts, and therefore, certain costs were spread over fewer miles and riders.

### Similar student achievement and operations were inefficient

**Student achievement similar to the peer districts'**—In fiscal year 2015, Red Mesa USD's student test scores in math, English language arts, and science were similar when compared to the peer districts' averages. The District's 70 percent graduation rate in fiscal year 2015 was lower than both the peer districts' 76 percent average and the State's 78 percent average.

**Operational costs much higher than peer districts'**—In fiscal year 2015, Red Mesa USD's administrative costs were more than twice the peer districts' average primarily because of higher staffing. The District's plant operations costs per pupil and per square foot were much higher than the peer districts' averages because the District maintained more square footage per student than the peer districts averaged. Further, the District had higher energy costs when compared to the peer districts' average, and it employed more maintenance and security staff. Additionally, the District's food service cost per pupil was higher than the peer districts' average because it served more meals per pupil than the peer districts. Red Mesa USD's cost per meal was also higher than the peer districts' average. However, in fiscal year 2016, the District began fully using the United States Department of Agriculture food commodities available to it, and it implemented new purchasing practices and obtained certain food items for lower prices, which resulted in a fiscal year 2016 cost per meal that was slightly lower than the peer districts' average. Finally, the District's transportation costs per mile and per rider were much higher than the peer districts' averages primarily because the District traveled fewer miles and transported fewer riders than the peer districts, on average. Therefore, certain costs were spread over fewer miles and riders.

#### Percentage of students who met or exceeded state standards Fiscal year 2015



#### Comparison of per pupil expenditures by operational area Fiscal year 2015

	Red Mesa USD	Peer group average
Administration	\$2,951	\$1,311
Plant operations	2,793	1,483
Food service	672	476
Transportation	1,330	635

### Much higher administrative costs

In fiscal year 2015, Red Mesa USD's administrative costs per pupil were more than twice the peer districts' average primarily because the District employed one administrative full-time equivalent (FTE) position for every 32 students while

six recently audited peer districts averaged one administrative FTE for every 67 students. Staffing was higher primarily in the District's central services where the District employed more business support positions, such as accounts payable clerks, payroll clerks, and computer technicians. Staffing was also higher at the District's schools where it employed more administrative support positions, such as secretaries, office aides, and department heads.

### **Recommendation**

The District should determine and implement ways to reduce administrative costs.

## **District lacked adequate accounting and computer controls**

We reviewed the District's list of employees who terminated district employment in fiscal years 2014 and 2015 and found that one employee continued to receive regular paychecks totaling nearly \$5,000 after the employee was no longer employed by the District. Further, the District lacked adequate password requirements for access to its computer network and accounting and student information systems. In addition, 3 of the 10 accounting systems users we reviewed had more access to the accounting system than they needed to perform their job duties. Also, we found 15 network user accounts and 17 accounting system user accounts with administrator-level access that may not require this level of access, which gives the user full control over computer network and system settings. Further, the District lacked adequate procedures for removing access to its network and critical systems, 9 of its 12 network-connected servers were using outdated and unsupported operating systems, and the District's information technology contingency plan was incomplete and lacked sufficient backup procedures.

### **Recommendations**

The District should:

- Ensure that terminated employees are promptly removed from the payroll system to prevent inappropriate payments and determine whether inappropriate payments made to the terminated employee should be recovered.
- Implement proper controls over its computer network and systems.

## **Excess space, high energy costs, and higher staffing resulted in higher costs**

In fiscal year 2015, Red Mesa USD's plant operations cost per pupil was 88 percent higher because it maintained a large amount of excess building space. As a result, the District spent more of its available operating dollars on plant operations, leaving it less money available to spend in the classroom. The additional building space was likely not needed because Red Mesa USD's schools operated at just 43 percent of capacity in fiscal year 2015. Maintaining more building space is costly to the District because most of its funding is based on its number of students, not the amount of square footage it maintains. The District has options to reduce excess building space, including closing one of the three schools located on its main campus and/or closing one or both of its more remote schools.

The District also had much higher energy costs per square foot than the peer districts', on average, partly because employees could change room temperatures by as much as ten degrees without plant operations staff assistance, and the District did not limit the heating and cooling provided to rooms that were not being used by students or staff. Implementing a comprehensive energy conservation plan could help the District reduce its high energy costs by establishing acceptable room temperature settings and light settings for different times of the day. In addition, the District employed more maintenance and security staff than the peer districts' averages. For example, if the District had staffed its maintenance positions at the average level of five recently audited peer districts, it could have employed about three fewer full-time maintenance employees and potentially could have saved over \$132,000 in plant operations salaries and benefits.

### **Recommendation**

The District should determine and implement ways to reduce plant operations costs, including reducing excess building space, implementing an energy conservation plan, and reviewing its maintenance and security staffing.