

Sentinel Elementary School District

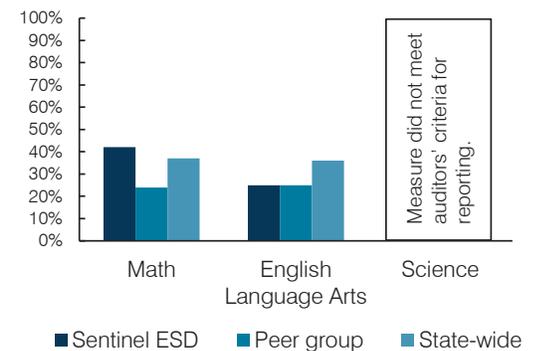
CONCLUSION: In fiscal year 2016, Sentinel Elementary School District's student passage rates on state assessments were higher than or similar to peer districts' averages, and its costs were higher than peer district averages in most noninstructional areas. Specifically, the District's administrative costs per pupil were similar to the peer districts' average, but its plant operations costs per pupil and per square foot, food service costs per pupil and per meal, and transportation costs per mile and per rider were higher than peer districts' averages. Despite the higher-than-average costs, the District's operations were reasonably efficient for its small size. However, the District needs to strengthen some of its accounting and computer controls and improve its transportation program oversight.

Student achievement and operational efficiency

Student achievement—For very small districts such as Sentinel ESD, year-to-year changes in student populations can greatly impact year-to-year student test scores. In fiscal year 2016, the percentage of Sentinel ESD's students who passed state assessments in Math was higher than the peer districts' average, and the percentage who passed in English Language Arts was similar to the peer districts' average. We did not report the District's passage rate in Science because the population of test takers was too small, and providing the information could identify individual student results.

District operated with high costs primarily because of its small size— Although the District spent more per pupil in most noninstructional areas, its operations were reasonably efficient for its small size. Specifically, in fiscal year 2016, Sentinel ESD's per pupil administrative costs were similar to its peers', on average. The District was able to control these costs primarily because its superintendent also served as a teacher. The District's plant operations costs per pupil and per square foot were higher than peer districts' averages partly because the District had building capacity for far more than its 37 students, but there is little the District can do to reduce the excess square footage because it has just one small campus. Similarly, the District's food service program's costs were high and reflect the much smaller size of the District's program, which served about half the number of meals and students as the peer districts, on average. Finally, the District's transportation costs per mile and per rider were also high, but its two bus routes were reasonably efficient considering the District's small size.

**Percentage of students who passed state assessments
 Fiscal year 2016**



**Comparison of cost measures
 Fiscal year 2016**

Cost measure	Sentinel ESD	Peer group average
Administrative cost per pupil	\$2,864	\$2,987
Plant operations cost per square foot	9.11	7.28
Plant operations cost per pupil	5,932	2,523
Food service cost per meal	6.01	5.54
Food service cost per pupil	1,415	918
Transportation cost per mile	2.73	1.76
Transportation cost per rider	4,822	1,495

District needs to strengthen accounting and computer controls

In fiscal year 2016, Sentinel ESD lacked adequate accounting and computer controls. Specifically:

- **Payroll and purchasing responsibilities not properly separated**—The District's superintendent and business manager are spouses, which hinders the District's ability to separate the approval and processing responsibilities for payroll and purchasing between these two employees. In addition, the District's policies state that a district employee cannot be directly supervised by a close relative, including a spouse. Therefore, because the business manager processes all transactions related to payroll and purchasing and at times requests the purchase of goods and/or

services, the superintendent cannot be considered an independent reviewer of these transactions.

- **District overpaid its superintendent**—We reviewed detailed payroll and personnel records for fiscal year 2016 and found that the District overpaid its superintendent by \$5,064. The superintendent's total contracted salary amount was to include payments for his insurance benefits, but the District paid the superintendent his contracted salary plus additional salary for his insurance benefits. According to district officials, this was an error that occurred because of a misunderstanding of the superintendent's contract terms. The superintendent was accurately paid in fiscal years 2017 and 2018.
- **Some purchases made without proper support**—The District paid three vendors without vendor invoices. Because these vendors did not issue invoices, the District prepared handwritten invoices for these transactions. According to the *Uniform System of Financial Records for Arizona School Districts*, districts should receive invoices from vendors before making any payments.
- **Broad access to accounting system**—We reviewed the District's May 2017 user access report for its three accounting system users and found that all three users had access that allowed them to initiate and complete payroll and purchasing processes without an independent review and approval. Granting users such broad access exposes the District to a greater risk of errors and fraud, such as processing false invoices or adding and paying nonexistent vendors or employees.

Recommendations

The District should implement proper controls over its payroll and purchasing processes and ensure that employees are not supervised by close relatives, recover the \$5,064 overpayment made to its superintendent, require detailed invoices from all vendors, and limit users' access in the accounting system.

District needs to improve transportation program oversight

Sentinel ESD lacked procedures to ensure that it met all of the requirements of the *State's Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards). Specifically, the District did not ensure that its bus drivers received required random drug and alcohol tests, and it did not ensure that bus preventative maintenance and pretrip inspections were performed as required by the Minimum Standards. Additionally, in fiscal year 2016, the District sometimes used an unallowable bus that did not conform to the Minimum Standards to transport students to and from school. This occurred whenever one of the District's regular certified bus drivers was absent and a noncertified driver had to be used to transport students to and from school. Further, from fiscal years 2016 through 2018, the District inappropriately paid a parent nearly \$30,000 for transporting a high-school-aged student enrolled in another district through open enrollment, using monies that should have been spent for students who attended its school.

Recommendations

The District should ensure that random drug and alcohol testing, bus preventative maintenance, and bus pretrip inspections are conducted as required by the State's Minimum Standards; it discontinues using an unallowable bus to transport students to and from school; and it no longer pays transportation costs for high-school-aged students enrolled in other districts through open enrollment.