

## Bullhead City Elementary School District

**CONCLUSION:** In fiscal year 2017, Bullhead City Elementary School District's student achievement was similar to its peer districts', and the District's operations were reasonably efficient overall. Specifically, the District's administrative cost per pupil was similar to the peer districts', on average. However, the District should strengthen its accounting, computer, and building access controls and improve oversight of its intergovernmental agreements for shared services with a nearby district. The District's plant operations cost per square foot and cost per pupil were much lower than the peer districts' averages primarily due to favorable contract terms with its vendor. The District's food service cost per meal was slightly lower than the peer districts' average, and its program generated enough revenue to cover all program costs. Finally, the District's transportation cost per mile was similar to the peer districts' average. However, the District lacked adequate procedures to ensure bus drivers met certification requirements, and it incorrectly reported the number of miles and riders for state funding purposes.

### Similar student achievement and reasonably efficient operations

**Student achievement similar to peer districts'**—In fiscal year 2017, the percentage of Bullhead City ESD students who passed state assessments was similar to the peer districts' average in Math, slightly lower in English Language Arts, and slightly higher in Science. In addition, under the Arizona Department of Education's A-F Accountability System, two of Bullhead City ESD's schools received B letter grades, three received C letter grades, and one received a D letter grade for the 2016-2017 school year.

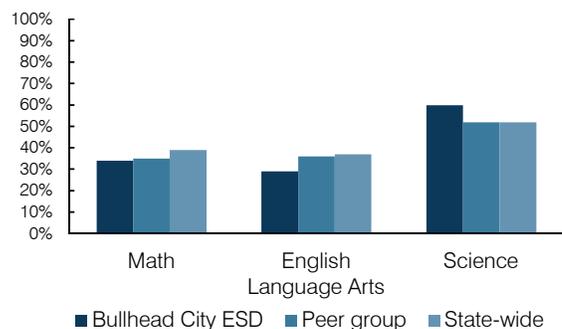
**Reasonably efficient operations overall**—In fiscal year 2017, Bullhead City ESD operated reasonably efficiently overall. Specifically, the District's administrative cost per pupil was similar to the peer districts', on average. The District's plant operations cost per square foot and cost per pupil were much lower than the peer districts' averages primarily due to favorable contract terms with its vendor. The District's food service program operated efficiently with a slightly lower cost per meal than the peer districts', on average, and its program generated enough revenue to cover all program costs. Lastly, the District's transportation program had a similar cost per mile to the peer districts' average.

### District should strengthen accounting, computer, and building access controls

#### District lacked adequate accounting controls—

Although the District had procedures in place for its purchasing process, it did not always follow these procedures, increasing the risk of errors and fraud. We reviewed 30 fiscal year 2017 accounts payable transactions and found that 3 of the 30 transactions lacked appropriate prior approval. Additionally, the District did not adequately control the use of its fuel cards. We reviewed 58 fiscal year 2017 fuel card transactions and found that the District did not have receipts for 9 of the 58 fuel purchases reviewed, and 37 of the 58 fuel purchases

#### Percentage of students who passed state assessments Fiscal year 2017



#### Comparison of cost measures Fiscal year 2017

Cost measure	Bullhead City ESD	Peer group average
Administrative cost per pupil	\$1,026	\$1,060
Plant operations cost per square foot	5.54	6.71
Plant operations cost per pupil	796	1,004
Food service cost per meal	2.79	3.04
Transportation cost per mile	4.11	3.94

the District did not have receipts for 9 of the 58 fuel purchases reviewed, and 37 of the 58 fuel purchases

were for unleaded plus or supreme fuel, which was not required for the district vehicles and is an unnecessary additional expense. Further, the District did not have sufficient controls over its payroll process, did not maintain documentation to support payments to some employees, and did not pay some employees according to their employment contracts. Lastly, Bullhead City ESD did not accurately classify all its fiscal year 2017 expenditures in accordance with the Uniform Chart of Accounts for school districts. Deficiencies in the District's internal controls have existed for many years. Since at least fiscal year 2013, Bullhead City ESD has been marginally compliant with the *Uniform System of Financial Records for Arizona School Districts*. Many of the District's business office procedures in this report were also cited by its financial auditors not only in fiscal year 2017, but in previous years as well.

**District lacked adequate computer controls**—The District lacked adequate controls over its computer network and accounting and student information systems. Some accounting system users had more access than they needed to perform their job duties; too many users had administrator-level access to its network, accounting system, and student information system; the District lacked adequate procedures for removing terminated employees' network access; and it did not have an information technology contingency plan.

**District lacked adequate controls over building access**—The District needs to strengthen controls over building access because it did not maintain a list of keys distributed or what level of access was granted. In addition, employees receiving keys were not required to sign a user agreement outlining the rules and policies they must follow regarding the appropriate use of district keys.

### **Recommendation**

The District should strengthen controls and oversight over its accounting processes, computer network and systems, and process for producing, distributing, and tracking building keys.

## **District should improve transportation program oversight**

We reviewed fiscal years 2017 and 2018 files for 10 of the District's 28 bus drivers and found that the District failed to ensure that its bus drivers met certification requirements. In addition, the District did not have a sufficient process in place for receiving drug testing notifications and results from the testing facility because notifications and results were sent to district employees who were subject to drug testing. Further, in fiscal year 2017, the District misreported the number of route miles traveled and eligible students transported for state funding purposes.

### **Recommendation**

The District should develop and implement procedures to ensure that bus driver certification requirements are met and documented in accordance with the State's *Minimum Standards for School Buses and School Bus Drivers*, ensure drug test notifications and test results are sent to district employees who are not subject to drug testing, and accurately calculate and report for state funding purposes miles driven and students transported.

## **District should improve oversight of shared service agreements**

Since fiscal year 2014, the District and Colorado River Union High School District have participated in multiple intergovernmental agreements (IGAs) to share services, such as administration, transportation, and information technology, in an effort to achieve cost savings and other efficiencies. However, in fiscal year 2017, the administrative IGA did not specify how the districts would allocate the salaries and benefits for shared employees or clearly outline the shared employees' duties for each district. Additionally, both districts shared additional positions not identified in the IGA, and we determined that when employees from the District and Colorado River UHSD performed work for both districts, the districts did not always bill each other for the services performed. The districts' IGAs also did not outline procedures for approving and paying for joint purchases. We reviewed supporting documentation for many purchases that showed little to no evidence that both districts approved the purchases and determined how the districts would allocate the costs before the purchases were made.

### **Recommendation**

The District should work with Colorado River UHSD to revise its IGAs to specify each district's responsibilities and ensure that items are properly approved and billed.