

Snowflake Unified School District

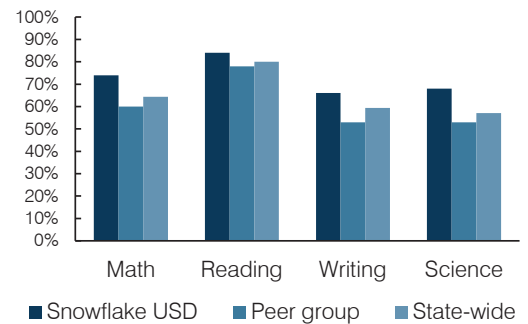
CONCLUSION: In fiscal year 2014, Snowflake Unified School District's student achievement was higher than the peer districts', and its operational efficiency varied by area, with some areas being efficient and other areas needing improvement. The District operated its administration with a much lower cost per pupil, and its plant operations were efficient with a much lower cost per square foot. However, its food service program's cost per meal was higher than the peer districts', which may have been the result of the District not sufficiently overseeing its vendor-operated food service program. The District's transportation program's efficiency could not be measured because of a lack of records supporting the number of miles driven and riders transported on its buses.

Student achievement higher and operational efficiency varied by area

Student achievement higher than peer districts'—In fiscal year 2014, Snowflake USD's student AIMS scores were higher than peer districts' averages in the four tested areas. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of B. Twelve of the peer districts also received Bs, 2 received As, and 3 received Ds. Additionally, the District's 95 percent graduation rate was higher than the peer districts' 83 percent average and much higher than the State's 76 percent average.

Operational efficiency varied by area—In fiscal year 2014, Snowflake USD's operational efficiency varied by area. Compared to peer districts', Snowflake USD's administrative costs per pupil were much lower, and its plant operations were efficient with much lower costs per pupil and per square foot. However, its food service program was less efficient with a higher cost per meal, and its transportation program's efficiency could not be measured because of a lack of records supporting the number of miles driven and riders transported on its buses.

Percentage of students who met or exceeded state standards (AIMS) Fiscal year 2014



Comparison of per pupil expenditures by operational area Fiscal year 2014

	Snowflake USD	Peer group average
Administration	\$626	\$ 789
Plant operations	736	1,009
Food service	235	386
Transportation	411	406

Inadequate controls increased risk of errors and fraud

Inadequate controls over bookstore sales and inventory—

In fiscal years 2014 and 2015, the District lacked adequate procedures for recording sales and tracking inventory at the high school bookstore. Specifically, when processing a transaction, the bookstore did not provide each customer with a receipt, allowing for a transaction to be completed without being entered into the cash register. Additionally, transactions entered into the cash register could be easily voided with no explanation required, increasing the District's risk of theft because a transaction could be voided and the cash removed from the cash register. Further, the bookstore did not have a procedure to track its inventory, increasing the District's risk of inventory theft because the District was unable to reconcile sales to inventory sold to help determine if any losses occurred.

Inadequate computer controls—The District lacked adequate controls over its computer network and systems. We reviewed the District's fiscal year 2015 user access reports and identified five employees who had more access to the accounting system than they needed to perform their job duties. Additionally, the District's network and student

information system had user accounts that were linked to employees or contracted service providers who no longer worked for the District, and it maintained generic user accounts, which makes it difficult or impossible for the District to hold anyone accountable if inappropriate activity were conducted using these accounts. Further, the District did not have a written, up-to-date, and tested contingency plan to help ensure continued operations in the case of a system or equipment failure or interruption.

Recommendations

The District should:

- Strengthen controls over bookstore sales and inventory.
- Implement proper controls over its computer systems and network.
- Create and test a formal IT contingency plan.

Insufficient district oversight of vendor may have led to high food service costs

Snowflake USD's fiscal year 2014 cost per meal of \$3.05 was 11 percent higher than the peer districts' average, and the program was not self-supporting, with expenditures exceeding revenues by approximately \$6,500. These higher costs may have been a result of the District not sufficiently overseeing its food service program, which was operated by a vendor. The District did not thoroughly review vendor billings, did not enforce the guaranteed breakeven clause stated in the contract, and did not review the program's performance to ensure it was operating efficiently. Further, we identified some inefficiencies in the program that likely contributed to its higher costs, including low participation in the breakfast program and overproduction that resulted in waste.

Recommendations

The District should:

- Thoroughly review its food service vendor invoices.
- Ensure it receives the guaranteed breakeven stated in its contract.
- Consider options for increasing its breakfast program participation and/or reducing the program's costs.
- Ensure that the vendor establishes additional food production controls to help reduce overproduction and waste.

District did not adequately oversee its transportation program

Although the transportation vendor's invoices provided adequate detail for the District to review bus route charges, very limited detail was provided for bus maintenance services and fuel charges. The lack of detailed information made it impossible for the District to determine if it was charged correctly for these services, which totaled \$22,064 in fiscal year 2014. Additionally, the District did not ensure that the vendor maintained records supporting the route mileage and number of riders reported for state-funding purposes. Consequently, we were unable to determine whether the District was funded appropriately.

Recommendations

The District should:

- Require its transportation vendor to provide adequate detail for all charges.
- Work with its vendor to ensure that adequate records are maintained to accurately calculate and report miles driven and students transported.