

San Fernando Elementary School District

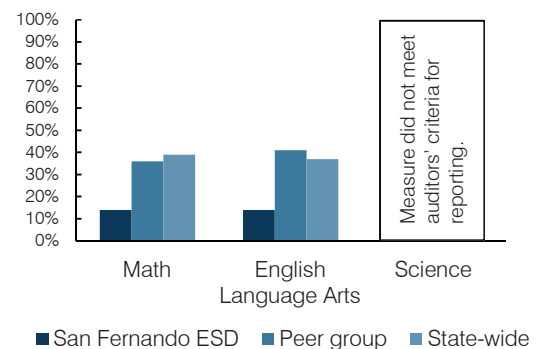
CONCLUSION: In fiscal year 2017, San Fernando ESD's student passage rates on state assessments were lower than its peer districts' averages, and the District's operations were reasonably efficient overall for its small size. The District spent less per pupil on administrative, food service, and transportation costs than its peer districts averaged. Although the District spent slightly more per pupil on plant operations, its higher costs were in large part due to having higher communications costs, likely reflecting the District's remote location. However, the District needs to strengthen some management, accounting, computer, and transportation controls.

Student achievement and operational efficiency

Student achievement—For very small districts such as San Fernando ESD, year-to-year changes in student populations can greatly impact year-to-year student test scores. In fiscal year 2017, the percentages of San Fernando ESD's students who passed state assessments in Math and English Language Arts were lower than its peer districts' averages. 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.

Operations were reasonably efficient overall—In fiscal year 2017, San Fernando ESD's operations were reasonably efficient overall for its small size. Although the District spent slightly less per pupil in total than its peer districts averaged, it spent a similar amount per pupil on instruction because it spent less in almost all other operational areas. The District's per pupil administrative costs were slightly lower than the peer districts' average primarily because it spent less on purchased professional services, such as the use of consultants, accountants, legal services, auditors, and other administrative support services. The District spent less on purchased professional services because the Pima County School Superintendent's Office (PCSSO) provided some of these services at no cost to the District and because the District was not required to contract for a financial statement audit. The District also operated a very small food service program with lower costs per pupil than the peer group's average. In fiscal year 2017, the District did not operate a regular transportation program that transported students to and from school daily. Instead, the District used its two buses only to transport students for field trips. As a result, the District spent much less per pupil on transportation than its peer districts, most of which operated regular bus routes. The only operational area where the District spent more than its peer districts was plant operations. The District had slightly higher per pupil plant operations costs in large part because it spent more to obtain communication services such as telephone and internet, likely reflecting the District's remote location and having only a single source from which to obtain internet services.

Percentage of students who passed state assessments
 Fiscal year 2017



Comparison of per pupil expenditures by operational area
 Fiscal year 2017

| | San Fernando ESD | Peer group average |
|------------------|------------------|--------------------|
| Administration | \$2,793 | \$3,137 |
| Plant operations | 2,877 | 2,644 |
| Food service | 829 | 1,000 |
| Transportation | 288 | 961 |

District needs to strengthen management, accounting, and computer controls

In fiscal years 2017 and 2018, some of San Fernando ESD's management, accounting, and computer controls were inadequate. Although no improper transactions were detected in the items we reviewed, these poor controls exposed the District to an increased risk of errors, fraud, unauthorized access to sensitive information, and data loss. Specifically:

- **District did not have written agreement with the PCSSO for managing district operations**—The PCSSO performs many of the District's primary business functions, such as processing payments and payroll, managing employee data, and complying with state reporting requirements. However, the District did not have a written agreement with the PCSSO in fiscal years 2017 or 2018 that defined each entity's responsibilities for managing district operations. Because responsibilities were not clearly defined, some key tasks were not performed, including the failure to remove one terminated employee's student information system access, and the District's financial information was not backed up to a secure location.
- **Some purchases lacked proper approval, and others were paid without adequate support**—We reviewed 30 fiscal year 2017 accounts payable transactions and found that 6 transactions failed to meet *Uniform System of Financial Records for Arizona School Districts* requirements. For 2 transactions the District made purchases before it had completed and approved associated purchase orders. For 3 transactions the District paid the vendor without first having adequate documentation supporting that goods or services were received and billings were accurate. Additionally, for 1 transaction the District failed to complete and approve a purchase order and also failed to document that goods or services were received and billing was accurate prior to paying the vendor.
- **District did not accurately classify all its expenditures among and within operational categories**—The District did not accurately classify all its fiscal year 2017 expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its *Annual Financial Report* did not accurately present the District's spending among and within operational categories, such as instruction, administration, and food service, among others. We identified classification errors totaling \$28,575 of the District's total \$329,805 in operational spending.
- **Student information system password requirements were weak**—We reviewed the District's password requirements for its student information system in September 2017 and determined that they were weak. Strengthening password requirements would decrease the risk of unauthorized persons gaining access to sensitive information in the District's student information system.
- **Accounting system users had broad access**—We reviewed the District's September 2017 user access report for its four accounting system users and identified that all four users had more access to the accounting system than was appropriate. 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:

- Establish a written agreement with the PCSSO outlining each entity's responsibilities for managing district operations, including defining responsibilities for promptly removing terminated employees' system access and backing up financial information to a secure location.
- Ensure that purchases are approved before they are made and are adequately supported prior to payment.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
- Implement proper controls over its student information and accounting systems.

District lacked procedures to ensure bus drivers met certification requirements

In fiscal years 2017 and 2018, the District lacked procedures to ensure that its two bus drivers met certification requirements. As a result, the District's records demonstrating that its bus drivers met the State's *Minimum Standards for School Buses and School Bus Drivers* were incomplete.

Recommendation

The District should develop and implement procedures to ensure that bus drivers meet certification requirements and maintain documentation indicating those requirements have been met.