# Naco Elementary School District

CONCLUSION: In fiscal year 2017, Naco Elementary School District's (District) student achievement was lower than its peer districts', and although the District's costs in noninstructional areas were mixed, with some costs higher and some lower than peer districts' averages, its operations were reasonably efficient overall. Specifically, the District's administrative costs per pupil were lower than the peer districts' average likely because some administrative employees filled multiple roles within administration instead of the District hiring additional employees to fill these roles. Despite lower administrative costs, the District needs to strengthen its computer controls. Although the District's plant operations cost per square foot was much higher than the peer districts' average, its cost per pupil was slightly lower because the District operated and maintained fewer square feet per pupil than the peer districts, on average. The District's food service program costs were much higher than the peer districts' averages both per meal and per pupil, and the program was not self-supporting, with expenditures exceeding revenues by more than $34,000, which otherwise could have been spent on instruction. Additionally, the District's transportation costs were much higher than the peer districts' averages per mile and per rider primarily because the District operated a much smaller transportation program than its peer districts. However, we found the program to be reasonably efficient because, with only 1 bus route, there was little the District could do to improve its efficiency.

Student achievement and operational efficiency

Student achievement lower than peer districts'—In fiscal year 2017, the percentages of the District's students who passed State assessments were much lower than the peer districts' averages in Math, lower in English Language Arts, and slightly lower in Science. Additionally, under the Arizona Department of Education's A-F Accountability System, the District's school received a C letter grade.

Reasonably efficient operations overall—In fiscal year 2017, the District's administrative costs per pupil were lower than the peer districts' average likely because some administrative employees filled multiple roles within administration instead of the District hiring additional employees to fill these roles. Although the District's plant operations cost per square foot was much higher than the peer districts' average, its cost per pupil was slightly lower because the District operated and maintained fewer square feet per pupil than the peer districts, on average. The District's food service program costs were much higher than the peer districts' averages both per meal and per pupil because the District paid more for staff and food, and the program was not self-supporting. Finally, the District had higher-than-average transportation costs per mile and per rider, but because the District's transportation program was small and ran only 1 bus route, there was little the District could do to improve its efficiency in this area.

Percentage of students who passed State assessments
Fiscal year 2017

■ Naco ESD ■ Peer group ■ State-wide
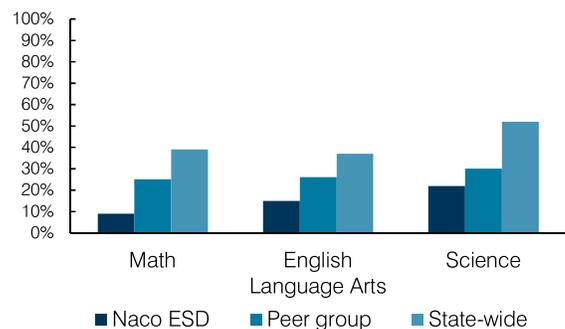
Comparison of cost measures
Fiscal year 2017

Cost measure	Naco ESD	Peer group average
Administrative cost per pupil	$1,112	$1,231
Plant operations cost per square foot	8.31	6.81
Plant operations cost per pupil	1,044	1,125
Food service cost per meal	3.94	3.41
Food service cost per pupil	661	549
Transportation cost per mile	8.16	2.95
Transportation cost per rider	4,437	1,037

District needs to strengthen its computer controls

The District lacked adequate computer controls, placing it at increased risk of errors, fraud, and unauthorized access to sensitive information.

Password requirements were weak—We reviewed the District's password requirements as of March 2018 and determined that the District's network, accounting, and student information system password policies were not aligned with industry guidance, such as that developed by the National Institute of Standards and Technology (NIST).

Broad access to accounting system—We reviewed the District's March 2018 user access report for the District's 2 accounting system users and found that 1 business office user had system access that allowed this individual to initiate and complete payroll and purchasing processes without an independent review and approval. In addition, this individual also had access to administer the District's accounting system. Administrator-level access allows the user full control over system settings, such as the ability to add new users and modify the level of access users have in the system, including granting themselves full access to edit all accounting data in the system.

Recommendations

The District should:
- Implement and enforce stronger password requirements.
- Limit the business office employee's accounting system access and transfer and remove the business office employee's administrator-level access to someone outside the business office.

District needs to take steps to lower food service program costs

The District's fiscal year 2017 food service program costs were much higher than the peer districts' averages both per meal and per student. Because of its high costs, the program was not self-supporting, with expenditures exceeding revenues by more than $34,000, which otherwise could have been spent on instruction, such as for teacher salaries or supplies. Costs were high primarily because of higher-than-average staffing levels. The higher staffing may not be needed because 1 employee spent almost half of her time preparing fruits and vegetables and cleaning a salad bar that is provided for students in addition to the fruits and vegetable served with the regular lunch meal. Because the salad bar alone does not constitute a National School Lunch Program (NLSP) reimbursable meal as it does not provide selections, such as protein and grain selections, from all the required food groups, the District does not earn any revenues by providing the salad bar, and therefore, the cost of staffing the salad bar may be an unnecessary expense.

The District's food service program costs were also high because it spent more than the peer districts' average for food and supplies. This likely resulted from the District using only 13 percent of its United States Department of Agriculture (USDA) food commodities allocation. Districts participating in the NSLP can obtain USDA food commodities at no charge to them and are required to pay only the associated freight charges to receive the food. Districts receive allocations of USDA commodities and may also obtain additional commodities that other participants do not claim. By using all its available USDA commodities, the District may be able to reduce its food costs. Further, the District could use commodities as an inexpensive way to provide the additional protein and grain selections needed to make its salad bar an NSLP reimbursable meal.

Recommendations

The District should:
- Review its food service staffing and identify and implement ways to reduce program costs.
- Identify and implement ways to maximize its use of USDA food commodities.