



## REPORT HIGHLIGHTS PERFORMANCE AUDIT

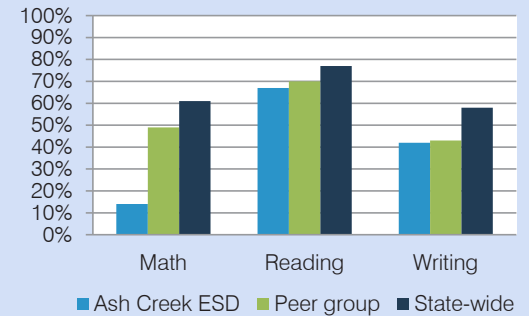
### Our Conclusion

In fiscal year 2011, Ash Creek Elementary School District's student AIMS scores were lower than both its peer districts' and state averages, and its operational efficiencies were mixed. Although Ash Creek ESD spent more per pupil in each of its nonclassroom operational areas than peer districts, most of its operations were reasonably efficient for its size. The District's costs were higher per pupil primarily because it served fewer students. The District could have operated its food service program more efficiently, and to the District's credit, it began taking steps in fiscal year 2012 to do so. However, controls over the District's payroll and purchasing, as well as its computer network, should be improved. The District also needs to improve its transportation program's recordkeeping.

## Student achievement and operational efficiency

**Student achievement**—In fiscal year 2011, Ash Creek ESD's student AIMS scores were lower than peer districts' and state averages. However, for very small districts, such as Ash Creek ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. The District's school met all applicable "Adequate Yearly Progress" objectives for the federal No Child Left Behind Act.

Percentage of students who met or exceeded state standards (AIMS)  
Fiscal year 2011



### District operated with high costs primarily because of its small size—

Although Ash Creek ESD spent more per pupil in each of its nonclassroom operational areas than peer districts, most of its operations were reasonably efficient for its size. The District's costs were higher per pupil primarily because it served fewer students. Although Ash Creek ESD's administrative costs were high per pupil, auditors did not identify any overstaffing or unusually high salaries. Similarly, the District's plant operations costs were high per pupil primarily because the District maintained more square footage per student than peer districts, but there is little the District can do to reduce the excess square footage because it has only one primary building. The District's food service costs were much higher than peer districts'; however, in fiscal year 2012, the District began taking steps to reduce the program's costs and improve recordkeeping and other procedures. The District's transportation costs were mixed with similar per-mile costs and much higher per-rider costs because the District drove more miles per rider.

Comparison of per-pupil expenditures by operational area  
Fiscal year 2011

Operational area	Ash Creek ESD	Peer group average
Administration	\$5,272	\$2,505
Plant operations	2,998	1,681
Food service	1,605	764
Transportation	1,466	743

## District working to address its high food service costs and poor procedures

In fiscal year 2011, Ash Creek ESD's food service costs per pupil and per meal were more than double the peer district average. These high costs contributed to the District's need to subsidize over one-half of its food service program's costs with approximately \$37,000 that otherwise potentially could have been spent in the classroom. Additionally, the District had poor food service recordkeeping and procedures. For example, the District did not maintain documentation supporting the number of meals served, likely under-reported the number of meals served for federal reimbursement, lost revenues because of unpaid meal balances, lacked adequate controls over food service cash collections, and prepared specialized meals for employees that were likely costly.



2013

**Steps taken to reduce need for subsidy**—In fiscal year 2012, the District began taking steps to reduce its food service costs and increase its revenues. The District replaced its full-time food service employee with a part-time employee at a lower salary and increased meal prices.

**Improved food service recordkeeping and procedures**—In fiscal year 2012, the District began taking steps to improve its recordkeeping and procedures. The District purchased a software program to better track meals, stopped allowing meals to be charged, improved its controls over food service cash collections, and stopped preparing specialized meals for employees.

### Recommendation

The District should continue monitoring its food service program to identify and implement additional cost-saving measures.

## Inadequate accounting and computer controls increased risk of errors and fraud

In fiscal year 2011, Ash Creek ESD lacked adequate controls over payroll and purchasing and its computer network and applications. More specifically, the District did not separate payroll and personnel functions and allowed one district employee, with little or no supervisory review, to complete all purchasing functions. The District also granted one employee full access to all accounting system functions, did not accurately report its costs, and did not always pay employees correct amounts. Lastly, the District's password requirements were weak, lacking complexity and requiring only annual changes.

### Recommendations

The District should:

- Implement proper controls over payroll and purchasing.
- Require an independent review and approval for all purchases.
- Limit employee access to the accounting system so that one employee cannot complete transactions without independent review.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
- Establish procedures to review employee pay to help ensure that employees are paid correctly.
- Implement and enforce stronger password controls.

## Improvements needed for transportation program recordkeeping

Ash Creek ESD did not maintain records to show that its reported number of miles traveled and students transported were accurate for state transportation funding purposes. Additionally, the District did not maintain documentation to show that bus drivers performed pre-trip bus inspections or that bus preventative maintenance was performed.

### Recommendations

The District should:

- Maintain records supporting the reported number of riders transported and miles driven.
- Ensure that pre-trip inspections and bus preventative maintenance are conducted and documented.