

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2011, Chinle Unified School District's student achievement was similar to peer districts' averages, and the District's operational efficiency was mixed, with some costs higher and some costs lower than peer districts' averages. The District's per pupil administrative costs were much higher than peer districts', and it lacked adequate controls over its vehicles, accounts payable processing, and computer systems. The District's plant operations costs were also much higher than peer districts' because the District maintained more building space per student, which was likely not needed since Chinle USD operated its schools far below their designed capacities. The District's food service program was reasonably efficient, and its transportation program had similar per mile costs as peer districts'. However, the District did not meet bus driver and bus preventative maintenance requirements.

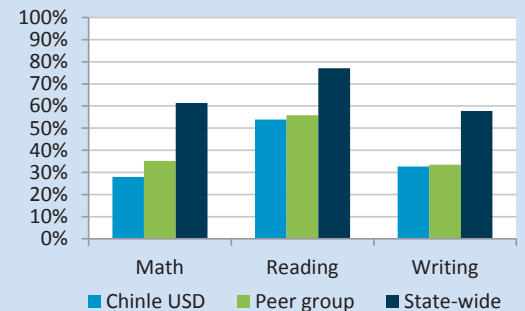


2014

Similar student achievement and mixed operational costs

Student achievement similar to peer districts'—In fiscal year 2011, Chinle USD's student AIMS scores for reading and writing were similar to peer districts' averages, and its math scores were slightly lower. Like most of its peers, the District received an overall letter grade of D under the Arizona Department of Education's A-F Letter Grade Accountability System. The District's 68 percent high school graduation rate was similar to the peer districts' 70 percent average but lower than the State's 78 percent average.

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



Operational costs mixed—In fiscal year 2011, Chinle USD's per pupil costs were much higher than peer districts' averages in all noninstructional areas. Further, the District operated its administration and plant operations areas less efficiently than its peers. However, despite higher per pupil costs, the District operated its food service and transportation programs reasonably efficiently with a slightly lower per meal cost and similar per mile cost, respectively, compared to peer districts' averages.

Comparison of per pupil expenditures by operational area
Fiscal year 2011

	Chinle USD	Peer group average
Administration	\$1,076	\$790
Plant operations	1,898	1,044
Food service	573	368
Transportation	911	415

Higher administrative costs and inadequate controls

More positions and higher purchased services—At \$1,076, Chinle USD's fiscal year 2011 per pupil administrative costs were \$286, or 36 percent, higher than peer districts', on average. The District's costs were higher because it employed more administrative positions, particularly in business services, and had much higher purchased-service costs, particularly for noninstructional staff and board member travel. Had the District spent the same per pupil amount on administration as its peer districts averaged, it would have saved more than \$1 million that otherwise potentially could have been spent in the classroom.

Poor controls over district vehicles and fuel—The District provided vehicles to 19 employees, but lacked formal policies and procedures covering these vehicles' use and did not monitor district vehicle and fuel usage to ensure that employees used them only for district purposes.

Poor purchasing and computer controls—The District had an increased risk of errors and fraud because it did not always require proper approval prior to purchases being made. We reviewed 30 fiscal year 2011 accounts payable transactions and found that 4 transactions were for purchases made without proper approval. Further, the District's weak controls over user access to the District's network and accounting and student information systems increased the risk of unauthorized access to these critical systems.

Recommendations

The District should:

- Review administrative positions and travel to reduce costs.
- Implement proper controls over district-provided vehicles and related fuel.
- Ensure all purchases have proper approval before they are made.
- Implement and enforce computer controls over user access to the District's network and systems.

Plant costs high because of excess building space

In fiscal year 2011, Chinle USD's per pupil plant operations costs were 82 percent higher than peer districts', on average, because the District operated and maintained 69 percent more square footage per pupil than the peer districts averaged. This extra square footage was likely not needed because all of the District's schools operated far below their designed capacities. More specifically, Chinle USD's schools operated at between 37 and 65 percent of their designed capacities in fiscal year 2011, and the District overall operated at less than 50 percent of its total designed capacity. Further, five of the District's seven schools are located within 1 mile of each other. Maintaining more building space per student is costly to the District because the majority of its funding is based on its number of students, not the amount of square footage it maintains. Had Chinle USD maintained a similar amount of school building space per student as its peer districts averaged, it potentially could have saved more than \$2.2 million, monies that otherwise potentially could have been spent in the classroom.

Recommendation

The District should review its use of school building space and reduce excess space.

District did not meet bus driver certification and bus preventative maintenance requirements

We reviewed ten bus driver files for fiscal years 2011 and 2012 and found that eight of the drivers had lapses in at least one driver requirement, including medical examinations, physical performance tests, and CPR and first aid training. Additionally, we reviewed ten bus maintenance files and found that all ten of the buses exceeded the District's 6,000-mile preventative maintenance schedule at some point during fiscal years 2011 and 2012.

Recommendations

The District should:

- Implement procedures to ensure bus driver certification requirements are met and documented.
- Ensure bus preventative maintenance is conducted in a systematic and timely manner.