

**REPORT  
 HIGHLIGHTS**  
 PERFORMANCE AUDIT

**Our Conclusion**

Clarkdale-Jerome Elementary School District operated efficiently with much lower per-pupil operational costs than peer districts, and its student achievement was much higher than both the peer districts' and state averages. The District's transportation and food service costs were lower, and administration and plant operation costs were much lower than peer district averages. Because of its efficient operations, the District was able to spend more of its resources in the classroom. However, the District needs to address inadequate controls over its expenditure processing and accounting system to help decrease the risk of potential errors, fraud, and misuse of sensitive information.

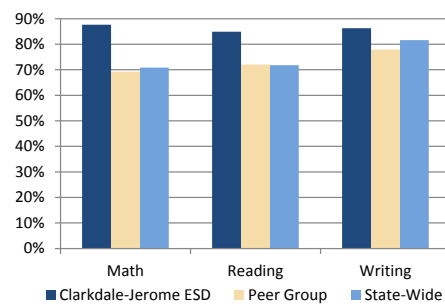


2010

**Higher student achievement and efficient operations**

**Student achievement among the highest in the State**—In fiscal year 2009, 88 percent of the District's students met or exceeded state standards in math, 85 percent in reading, and 86 percent in writing. These scores were much higher than both the peer districts' and the state averages for each area, and were among the highest in the State. The District's one school also met "Adequate Yearly Progress" for the federal No Child Left Behind Act.

**Percentage of Students who Met or Exceeded State Standards (AIMS)  
 Fiscal Year 2009**



**District operates efficiently**—The District operates efficiently with lower per-pupil spending in administration, plant operations, food service, and student transportation. The District spent \$5,226 per pupil in the classroom, more than both peer districts and the state average. It also spent more per pupil on student support services and instructional support services than its peer districts.

**Expenditures by Function  
 Fiscal Year 2009**

Per Pupil	Clarkdale-Jerome ESD	Peer Group Average
Administration	\$840	\$1,199
Plant operations	880	1,077
Food service	383	559
Transportation	329	474
Student support	761	525
Instructional support	308	240

**District operates efficiently with much lower costs than peer districts**

In fiscal year 2009, Clarkdale-Jerome ESD operated efficiently with much lower per-pupil costs than peer districts. The District attained these lower costs primarily by employing fewer staff and maintaining less building capacity.

**Much lower administrative costs**—The District's administrative costs were 30 percent lower than peer districts averaged primarily because it employed fewer administrative staff, with some employees handling more than one position. For example, the superintendent acted also as the school principal, and a district

teacher monitored and supported the District's computers and computer networks. Other employees also "wear many hats" throughout the District's operations, which helps lower costs.

**Low plant operation costs**—The District's plant operation costs per square foot were similar to the peer districts' average, but its cost per student was 18 percent lower primarily because the District operated 15 percent less square footage per student than the peer districts. It did this by operating a shared cafeteria/gymnasium while some of the peer

districts had separate facilities. Additionally, two of the peer districts operated two schools despite serving a similar number of students. The District also had much lower contracted maintenance and repair costs because it used its in-house staff for those services, saving about \$9,300 over peer districts' maintenance and repair costs.

**Lower food service costs**—The District's \$2.41 cost per meal was 11 percent lower than the \$2.72 peer average, primarily because of lower staffing levels. The lower staffing level means each of the District's food service workers prepared an average of 22,300 meals compared to the peer districts' average of 20,800 meals per worker. In addition, a teacher volunteered a couple of times each week to help serve lunch.

**Efficient transportation program**—The District's transportation program operated efficiently with buses filled to 81 percent of capacity, on average.

The District also obtained a much lower labor rate for repairs to district buses and vehicles through an intergovernmental agreement with a local government. District officials say they saved 30 to 65 percent on labor over the cost of using private vendors for these repairs.

**More longevity and higher teacher salaries**—The District's teachers earned higher salaries than teachers at peer districts. The average salary for Clarkdale-Jerome teachers was \$51,700 compared to the \$44,600 average for teachers at peer districts for two main reasons. First, Clarkdale-Jerome teachers averaged 4 more years of teaching experience than peer district teachers. Second, Clarkdale-Jerome paid its more experienced teachers about 10 percent more than peer districts paid theirs. Almost a third of Clarkdale-Jerome's teachers have been with the District for 20 or more years.

## Inadequate accounting and IT controls

**Expenditure process lacked adequate review**—Clarkdale-Jerome ESD had one employee who handled nearly all of the expenditure processing with little supervisory review. This employee's duties included creating purchase orders, adding vendors, processing invoices, receiving and mailing checks as well as adding and modifying employee information, entering time sheets, and processing payroll. Although no improper transactions were detected in the sample audits reviewed, these poor controls exposed the District to increased risk.

**Accounting system controls need improvement**—Controls help ensure that transactions are authorized, accurate, and proper. As such, controls help minimize the risk of errors and fraud.

The District has not established adequate controls to protect its accounting system. Two district employees had complete access to the entire accounting system. Although there were no improper transactions in the sample that auditors reviewed, access beyond that which is necessary to perform job functions exposes the District to

increased risk of errors and fraud.

**No written agreement for hosting accounting system**—The Yavapai County School Superintendent's Office hosts the accounting system for the District. However, there is no written agreement describing the responsibilities of the District and the Superintendent's Office regarding software licensing, user access, data security, data backup and recovery, and removing former employees' access.

**Recommendation**—The District should:

- Implement a more detailed review of accounts payable documentation and information entered into the payroll system.
- Limit accounting system access to the employee's assigned functions.
- Establish a written agreement with the County School Superintendent's Office regarding each party's responsibilities for the District's accounting system.