

**REPORT
 HIGHLIGHTS
 PERFORMANCE AUDIT**

Our Conclusion

In fiscal year 2010, Hayden-Winkelman Unified School District's student achievement was higher than peer districts' but lower than state averages. The District operated reasonably efficiently overall when compared to its peers. The District's administrative costs were similar to peer districts'. However, it needs to strengthen some accounting and computer controls. Further, despite higher per-pupil food service and transportation costs, both programs operated efficiently with lower per-meal and per-mile costs, respectively, than peer districts'. However, although the District's plant operations costs were similar per pupil and lower per square foot than peer districts', the District's facilities were poorly maintained.



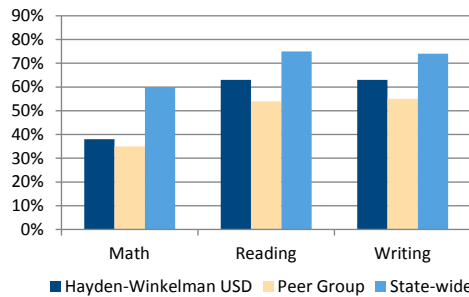
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Higher student achievement and reasonably efficient operations

Student achievement higher than peer averages—In fiscal year 2010, Hayden-Winkelman USD's student AIMS scores were higher than peer districts' but lower than state averages. In addition, two of the District's three schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and the District's 81-percent high school graduation rate was much higher than the peer district average of 68 percent and the state average of 78 percent.

Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010



District operated reasonably efficiently—In fiscal year 2010, Hayden-

Winkelman USD's administrative costs were similar to peer districts'. Further, although food service and transportation per-pupil costs were higher than peer districts', both programs operated efficiently with lower per-meal and per-mile costs, respectively. The District's plant operations costs were similar per pupil and lower per square foot than peer districts'. However, the District's facilities were poorly maintained primarily because it operated considerably more square feet than peer districts, much of which was unnecessary because each of the District's schools operated far below their designed capacities and had done so for at least 10 years.

Per-Pupil Expenditures by Operational Area Fiscal Year 2010

Operational Area	Hayden-Winkelman USD	Peer Group Average
Administration	\$1,413	\$1,447
Plant operations	1,491	1,473
Food service	505	428
Transportation	570	468

Inadequate accounting and computer controls

Hayden-Winkelman USD lacks adequate controls over its computer systems. Four district employees have more access to the accounting system than is needed to perform their job duties. Although no improper transactions were detected in the sample we tested, access beyond that which is necessary to perform job functions exposes the District to increased risk of fraud and errors. In addition, the District did not properly separate its payroll and personnel functions, and the District needs to (1) ensure it pays credit

card and vendor balances in a timely manner to avoid finance charges and late fees, (2) strengthen password requirements for its computer network, and (3) create a formal disaster recovery plan.

Recommendations—The District should:

- Limit employees' access to only those accounting system functions needed to perform their work.
- Implement proper controls over payroll processing.

- Ensure that credit card and other vendor balances are paid in a timely manner.
- Increase the complexity requirements of

computer passwords.

- Create and implement a formal disaster recovery plan.

District's facilities are poorly maintained

During tours of Hayden-Winkelman USD's facilities, auditors observed several maintenance issues that could pose health and safety concerns. These issues ranged from water leaks that showed signs of mildew or mold growth (see photo below) to exposed wiring and unsafe electrical wall outlets to broken windows and mirrors.

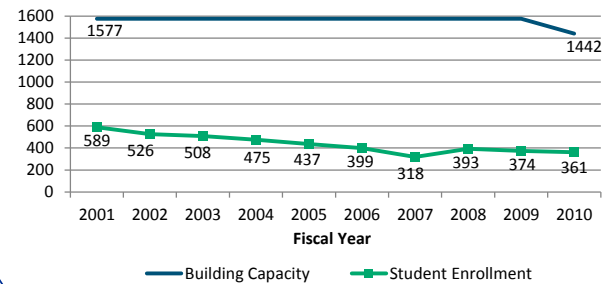
Water leak in middle school



Unnecessary excess space contributes to poor condition of facilities—The poor condition of the District's facilities occurred primarily because the District operated and maintained considerably more square feet in total and per pupil than peer districts. Because districts receive funding based primarily on their number of students, Hayden-Winkelman USD does not receive additional monies for its extra space and therefore does not have additional dollars available for operating and maintaining this extra space.

Further, the District's extra space is not needed. In fiscal year 2010, the District's schools had space for 1,442 students but a combined enrollment of only 361 students. The District's elementary, middle, and high school operated at only 51, 17, and 19 percent full, respectively. As shown in the following figure, the District has been operating with a considerable amount of excess space for at least 10 years.

School Building Capacity Versus Student Enrollment Fiscal Years 2001 through 2010



Inadequate maintenance practices—Further contributing to the poor condition of the District's facilities is its lack of a preventative maintenance plan and records of maintenance activities. Although district maintenance workers reviewed the facilities quarterly and noted the condition of various aspects of the facilities on checklists, we found that the maintenance workers noted that conditions were "okay" even though we observed the various problems noted earlier. The District also did not keep documentation of maintenance work performed, so we were not able to confirm what maintenance activities were actually performed.

Recommendations—The District should:

- Immediately address any health and safety hazards.
- Consider having its facilities inspected to determine if hazards could affect student health.
- Review its building capacity usage to determine whether any additional schools or sections of schools can be closed to reduce maintenance costs.
- Develop and implement a preventative maintenance program and a process to track maintenance work orders.