

REPORT HIGHLIGHTS PERFORMANCE AUDIT

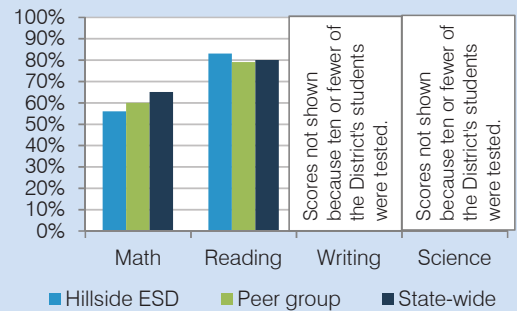
Student achievement and operational efficiency

Our Conclusion

In fiscal year 2013, Hillside Elementary School District's student AIMS scores were similar to the peer districts' averages, and the District operated efficiently overall, with lower per pupil costs than peer districts', on average. The District's administrative cost per pupil was lower primarily because it was able to operate with only two part-time employees because, like many of the very small Yavapai County school districts, most of Hillside ESD's business office functions were performed by the Yavapai County Education Service Agency. The District's plant operations were also efficient with lower costs per pupil and per square foot than peer district averages, and it did not have any food-service-related costs because it did not operate a food service program. Hillside ESD's transportation program was reasonably efficient, but the District did not conduct required random drug and alcohol testing for its bus drivers, and it needs to strengthen controls over its fuel inventory.

Student achievement—For very small districts such as Hillside ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. In fiscal year 2013, Hillside ESD's student AIMS scores for math and reading were similar to the peer districts' averages. Scores for writing and science are not reported because ten or fewer of the District's students were tested in these areas. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of B. Of the ten districts in the peer group receiving letter grades, five districts also received Bs, one received an A, three received Cs, and one received a D.

Percentage of students who met or exceeded state standards (AIMS)
Fiscal year 2013



Efficient operations overall—In fiscal year 2013, Hillside ESD operated efficiently overall, with per pupil costs that were lower than peer district averages. The District spent almost \$5,000 less per pupil than its peer districts, on average, partly because the District did not operate a food service program, but also because it operated efficiently overall. The District had lower costs per pupil in administration, plant operations, and transportation.

Comparison of per pupil expenditures by operational area
Fiscal year 2013

	Hillside ESD	Peer group average
Administration	\$2,085	2,572
Plant operations	1,330	2,148
Food service	0	851
Transportation	735	1,056

Transportation program oversight needs strengthening

District did not conduct random drug and alcohol testing—We reviewed driver files for the District's one regular bus driver and one substitute bus driver for fiscal years 2013 and 2014 and found that the District lacked complete records demonstrating that its bus drivers met the State's *Minimum Standards for School Buses and School Bus Drivers (Minimum Standards)* for the random drug and alcohol testing requirement. The District did not have a process in place to ensure that the required random drug and alcohol testing of bus drivers was completed. As a result, neither of its two drivers were randomly tested for drug and alcohol use in fiscal years 2013 and 2014.

Poor controls over fuel inventory—Hillside ESD did not implement proper controls over its fuel inventory. The District has a 500-gallon, above-ground diesel fuel tank located on its campus. The tank is surrounded by a low chain link fence secured with a



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padlock. However, the pump itself is not locked and the surrounding fence is short enough that we were able to reach over the fence and access the pump and pump controls without unlocking the surrounding fence. District employees complete fuel usage logs when fueling the District's bus, and according to district officials, the District compares the gallons of fuel pumped, as recorded on logs, to the gallons of fuel purchased, based on vendor invoices, to verify that fuel billings are accurate. However, the District did not document these reviews. Although we did not identify any fuel theft or inappropriate fuel usage, this lack of control over the District's fuel inventory placed the District at an increased risk for theft and fraud.

Recommendations

The District should:

- Ensure that it conducts all required random drug and alcohol testing as specified in the State's *Minimum Standards*, and
- Evaluate and implement additional controls over its fuel inventory to help ensure proper accounting of all fuel deliveries and usage, including documenting its reconciliations of fuel usage to fuel purchases and locking its fuel pump when not in use.