

REPORT HIGHLIGHTS PERFORMANCE AUDIT

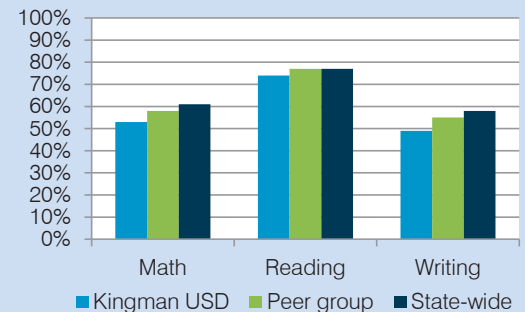
Similar student achievement and efficient operations

Our Conclusion

In fiscal year 2011, Kingman Unified School District's student achievement was similar to peer district averages, and it operated efficiently with lower costs than peer districts', on average. The District operated its administration with lower per pupil costs because it employed fewer administrative staff per pupil than peer districts, on average. In addition, the District's plant operations cost per square foot and food service cost per meal were lower than peer districts' averages. The District's transportation program cost per pupil was higher than the peer districts' average, but the program was efficient, with lower per mile costs. However, the District should improve some of its administrative practices. In particular, the District should strengthen controls over its cash handling, culinary arts program, and computer network and systems.

Student achievement similar to peer districts'—In fiscal year 2011, Kingman USD's student AIMS scores were similar to peer district averages in math and reading, and slightly lower in writing. Additionally, under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of B as did most of its peer districts. The District's 76 percent high school graduation rate was slightly lower than the peer districts' 84 percent average and similar to the 78 percent state average.

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



District operated efficiently with lower costs than peer districts'—Kingman USD operated efficiently in fiscal year 2011 with lower administration, plant operations, and food service program costs per pupil than peer districts', on average. The District's administrative costs were 14 percent lower primarily because it employed fewer business services positions at its district office. The District's plant operations cost per square foot and food service program cost per meal were also lower than peer districts', on average. Further, although the District's transportation costs were higher per pupil, its transportation program operated efficiently with lower costs per mile.

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

Per pupil	Kingman USD	Peer group average
Administration	\$635	\$736
Plant operations	812	917
Food service	273	351
Transportation	469	360

District lacked sufficient accounting controls

Inadequate controls over cash handling—In fiscal year 2011, Kingman USD deposited over \$170,000 received through its bookstore. However, the District lacked proper controls to accurately ensure that all monies received through the bookstore were deposited into the proper accounts. Specifically, the bookstore supervisor was solely responsible for all cash-handling responsibilities without an independent supervisory review. In addition, cash and checks were not counted, documented, and reconciled to issued receipts at the end of each day, and cash was neither properly safeguarded nor deposited in a timely manner.



2013

Controls over culinary arts program should be strengthened—The District offered a culinary arts class at its high school and also operated a culinary arts club that catered local events to help students obtain additional experience. We found that the District allowed an employee working with the class and the club to be the only district employee involved in issuing invoices to catering customers. As a result, the employee was able to issue two invoices to some catering customers, separating the food and supply costs from the labor costs and requesting that payments for labor costs be directly sent to him. We reviewed catering invoices totaling almost \$219,000 for fiscal years 2007 through 2012 and found invoices for labor costs totaling \$32,603, with printed instructions directing customers to make payments directly to the employee. At the time of this report's release, this issue was under further review by our Office.

Recommendations

The District should:

- Strengthen its controls over cash handling for its bookstore operations.
- Implement proper controls over invoicing catering customers to ensure all payments are made directly to the District.

District lacks sufficient computer controls to protect sensitive information

Kingman USD has weak controls over user access to its computer network and systems. For example, some employees have more access to the accounting system than they need to perform their job duties. In addition, 4 district employees have administrator-level access to the District's computer network and systems, allowing them to make changes to computer network settings. Typically only 1 or maybe 2 information technology employees have this type of access. Additionally, 14 employees have administrator-level access to the District's student information system, which houses critical and sensitive student data.

Recommendation

The District should:

- Review and reduce the number of employees with overly broad access to its computer network and systems, including reducing employees with administrator-level access.

Efficient practices keep food service program costs low

In fiscal year 2011, Kingman USD's \$2.27 cost per meal was 13 percent lower than the peer districts' average of \$2.60 per meal primarily because it had lower food costs. By maintaining a low cost per meal, the District was able to cover all of its program costs while having enough monies remaining to save for capital costs and pay for some indirect costs, such as utilities. The District used several effective cost-controlling techniques to keep food costs low. Specifically, the District made full use of its United States Department of Agriculture commodities allocation; obtained its own quotes when purchasing food to help ensure it obtained the best prices; operated a central kitchen, which helped facilitate meal preparation and inventory management; and monitored meal demand to help reduce production costs and limit food waste.