

## REPORT HIGHLIGHTS PERFORMANCE AUDIT

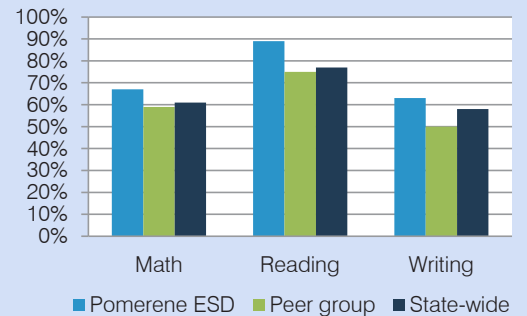
### Our Conclusion

In fiscal year 2011, Pomerene Elementary School District's student AIMS scores were higher than both peer districts' and the State's averages, and it operated efficiently with lower per-pupil costs in nearly all operational areas. Pomerene ESD's per-pupil costs were lower primarily because it had more students than its peer districts, on average. However, the District's costs were also lower because its management made decisions that resulted in lower costs, such as the extensive use of part-time employees and efforts to manage the District's unused building space. Additionally, in an effort to further reduce costs, the District has begun obtaining information technology and student transportation services from a nearby district. However, the District needs to strengthen its accounting and computer controls.

## Student achievement and operational efficiency

**Student achievement**—In fiscal year 2011, Pomerene ESD's student AIMS scores were higher than both peer districts' and state averages. For very small districts, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. However, Pomerene ESD's student AIMS scores have been higher than both the state and peer districts' averages during the years auditors reviewed—fiscal years 2009 through 2011. Under the Arizona Department of Education's A-F Accountability Letter Grade System, Pomerene ESD received an overall letter grade of B for fiscal year 2011.

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



### District operated efficiently with lower per-pupil costs than peer districts'—

The District operated efficiently with lower per-pupil costs than peer districts' in nearly all operational areas, and its food service and transportation programs operated with similar per-meal and per-mile costs as peer districts, on average. Pomerene ESD's costs were lower primarily because it had more students than its peer districts, on average. However, the District's costs were also lower because its management made decisions that resulted in lower costs, such as the extensive use of part-time employees and efforts to manage the District's unused building space.

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

Operational area	Pomerene ESD	Peer group average
Administration	\$1,207	\$2,505
Plant operations	948	1,681
Food service	642	764
Transportation	198	743

## Management has been effective at controlling costs

District management has made decisions that resulted in lower costs, such as the extensive use of part-time employees and its effective management of unused building space. Additionally, in an effort to further reduce costs in fiscal year 2013, the District has begun obtaining information technology and student transportation services from a nearby district and also began renting an unused facility.

**District employs many part-time staff, resulting in lower costs**—Pomerene ESD made extensive use of part-time employees that resulted in lower costs. For example, although the peer districts employed primarily full-time administrative employees, three of Pomerene ESD's four administrative employees were part-time. By employing part-time employees, the District was able to save a large amount of money on benefit



2013

costs because the part-time employees generally did not receive health insurance. Similarly, the District also employed a part-time employee who was responsible for driving the bus and maintaining facilities, which contributed to low costs in these operational areas.

**Managing cost of unused facilities**—Pomerene ESD owns a building that was previously used as the District's school but was no longer needed after the new school was constructed in the late 1990s. To help minimize its plant operations costs, the District fully closed the old school building, including turning off the electricity. Although Pomerene ESD's building was vacant and the power was turned off, the District still incurred some maintenance and repair costs for it, such as repairing vandalism. To help reduce costs further, the District began renting the building to an outside organization in fiscal year 2012. Although the organization pays only a nominal fee to the District for use of the facility, the organization pays the full utility costs and performs repairs and maintenance on the facility.

**Cooperative services with nearby district**—In an effort to further reduce costs, Pomerene ESD contracted with a nearby district in fiscal year 2013 to receive information technology and student transportation services. The information technology services include assistance with technology needs through telephone consultation, remote online access, and on-site response, including services to update Pomerene ESD's computer network. District officials determined that it would be cheaper to obtain these services from the nearby district rather than through its vendor that was providing these services. For student transportation, the nearby contracted district provides transportation services for Pomerene ESD, using Pomerene ESD's bus, but separately provides necessary drivers, fuel, and bus maintenance. Additionally, district officials stated that they believe costs for fuel and other bus supplies will decrease as the nearby district is able to purchase these items in bulk and therefore receive a lower price. Pomerene ESD officials estimate these agreements will save the District \$15,000 per year by eliminating administrative costs associated with performing information technology services and operating a transportation program. The District is also continuing to review other ways to consolidate additional services.

## District needs to strengthen its accounting and computer controls

In fiscal year 2011, Pomerene ESD lacked adequate controls over payroll and purchasing and its accounting system. More specifically, the District did not adequately document current employment terms for classified employees, did not accurately report its costs on its Annual Financial Report, and made some purchases without proper prior approval. Additionally, three accounting system users had full access to the system that would allow them to complete transactions without an independent review and approval. Lastly, the District's accounting system resides at the Cochise County School Superintendent's Office but there was 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.

### Recommendations

The District should:

- Prepare and retain a current personnel/payroll action form or contract for each employee to document employment terms.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
- Ensure that all purchases have prior approval.
- Limit employee access to the accounting system so that one employee cannot complete transactions without an independent review.
- Establish a written agreement with the Cochise County School Superintendent's Office that outlines each party's responsibilities for the District's accounting system.