

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Our Conclusion

Willcox Unified School District's student achievement is higher than peer districts', and it generally operates efficiently with lower costs. However, the District needs to address four areas of concern: (1) the District cannot show that its buses are receiving required systematic, preventative maintenance such as brake inspections; (2) district errors resulted in \$44,000 of overfunding in state transportation aid; (3) the District does not have adequate controls over its accounting system or its payroll processing, greatly increasing its risk of errors and fraud; and (4) the District likely supplanted Classroom Site Fund monies.



2010

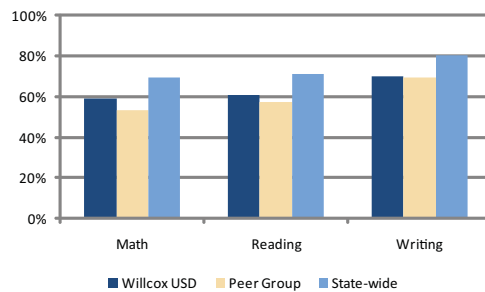
Higher student achievement and efficient operations

Student achievement higher than peer districts'—In fiscal year 2009, Willcox USD's student AIMS scores were lower than state averages but higher than the peer districts'. Further, all of the District's schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act and the District's graduation rate exceeded both the

state and peer districts' averages.

District operates efficiently with most costs lower than peer districts'—The District spent \$4,634 per pupil in the classroom, which was similar to the peer districts' and state averages. The District's administration and transportation costs were lower than peer districts', and its plant operation costs were significantly lower.

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



Expenditures by Function Fiscal Year 2009

Spending	Willcox USD	Peer Group Average
Administration per pupil	\$1,046	\$1,086
Transportation per mile	\$2.25	\$2.56
Plant operations per pupil	\$894	\$1,286

Transportation program operates efficiently, but safety and reporting improvements needed

Willcox USD's \$2.25 cost per mile was lower than the peer districts' average of \$2.56, and its routes operated efficiently with buses filled to an average of 78 percent capacity, exceeding the 75 percent benchmark.

Further, what maintenance records were available showed that maintenance was not systematic or uniform. For example, the District has an unwritten policy that buses have the oil changed every 5,000 miles. However, district buses frequently exceeded this schedule with one bus traveling over 16,000 miles and another over 10,500 miles before oil changes.

Inadequate maintenance—According to the State's *Minimum Standards for School Buses*, districts must maintain bus maintenance records. The purpose of such maintenance is to ensure the safety and welfare of student passengers and to extend the life of buses. However, the District's records were inadequate to show that safety-related maintenance, including brake inspections, had occurred.

The District also did not have a formal procedure for ensuring that bus repair work was completed in a timely manner.

\$44,000 in overfunding—In fiscal year 2009, the District overstated its mileage by 31,600 miles (16 percent) and its riders by

170 (almost 50 percent). These errors resulted in the District's receiving about \$44,000 more in state transportation aid than it should have received. Because state transportation aid is formula driven, the District will continue to receive this excess funding until it corrects the errors with the Department of Education.

Recommendations—The District should:

- Ensure that bus maintenance and repairs are performed and documented.
- Contact the Department of Education to correct its transportation funding.

Inadequate controls increase risk of errors and fraud

To avoid increased risk of errors and fraud, the District needs to separate payroll and personnel functions. Currently, one district employee has authority to add new employees to the accounting system, enter and edit time sheets, record payroll expenses, and distribute paychecks. Because there was no supervisory review, it would be possible for this employee to create nonexistent employees and process false payments without detection.

We also found that pay for additional duties was not properly authorized and reviewed. For example, a sample of employees' pay records showed pay amounts were changed on contracts without evidence of approval, and additional duties were paid without prior approval. In addition, one employee was overpaid for teaching summer school

and another was underpaid for coaching duties.

Finally, too many employees had access to the District's accounting system for functions not related to their duties. For example, 5 employees had the ability to perform any function within the accounting system without an independent review and approval. In addition, at least 5 ex-employees still had access to the system.

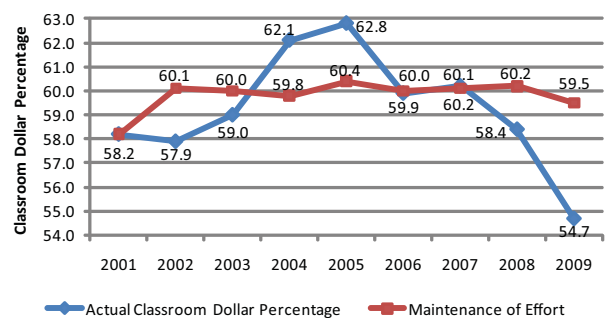
Recommendations—The District should:

- Ensure adequate separation of responsibilities.
- Pay employees according to previously agreed-upon written contracts.
- Limit employee access to the system for only those functions relating to duties.

District likely supplanted Classroom Site Fund (CSF) monies

Willcox USD has shifted its spending away from the classroom. Statute requires that districts use CSF monies to supplement, not supplant, other monies. Before it received CSF monies, the District spent 58.2 percent of its operating dollars in the classroom. In fiscal year 2009, despite receiving over \$430,000 of CSF monies primarily earmarked for the classroom, the District spent only 54.7 percent of its operating dollars in the classroom, 3.5 percentage points less than in 2001. Had the District continued to direct its other monies into the classroom at the same rate it did in 2001, the additional CSF monies would have increased the District's classroom dollar percentage 4.8 percentage points to 59.5 percent, resulting in an additional \$481,000 being spent in the classroom.

Maintenance of Effort and Actual Classroom Dollar Percentages
Fiscal Years 2001 through 2009



Recommendation—The District should ensure that CSF monies are used to supplement, and not supplant, other district monies.