



Kyrene Elementary School District



REPORT HIGHLIGHTS PERFORMANCE AUDIT

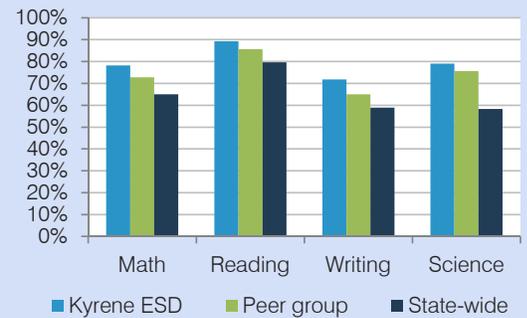
Similar student achievement and overall efficient operations

Our Conclusion

In fiscal year 2013, Kyrene ESD's student achievement was similar to its peer districts', and its operations were efficient overall. The District's per pupil administrative costs were slightly lower than peer districts', on average, but the District needs to strengthen controls over purchasing, cash collections, and its computer network and systems. The District operated an efficient food service program with a similar cost per meal, and its transportation program was efficient with slightly lower costs per mile and per rider. However, the District's plant operations cost per pupil was much higher than peer districts averaged, because the District maintained a large amount of excess building space, operating its schools at only 69 percent of capacity, on average, in fiscal year 2013. Many of the District's schools that operate far below their designed capacities are located near each other and provide opportunities for the District to reduce the number of schools it operates.

Student achievement similar to peer districts'—In fiscal year 2013, Kyrene ESD's student AIMS scores were similar in math, reading, and science and slightly higher in writing than peer districts' averages. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of A for fiscal year 2013. Of the District's two student achievement peer districts, one also received an A letter grade and the other received a B letter grade.

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



Efficient operations overall—In fiscal year 2013, Kyrene ESD operated efficiently overall. The District was able to spend nearly the same amount per pupil in the classroom as its peers, on average, despite spending nearly 5 percent less per pupil overall. Specifically, the District's administrative cost per pupil was slightly lower and its transportation costs per mile and per rider were also slightly lower than peer districts', on average. The District's food service program was also efficient with a similar cost per meal. However, the District's per pupil plant operations costs were much higher than peer districts' average, primarily because the District maintained excess space, with its schools operating at only 69 percent of their designed capacities, on average.

Comparison of per pupil expenditures by operational area
Fiscal year 2013

	Kyrene ESD	Peer group average
Administration	\$609	\$664
Plant operations	909	766
Food service	275	501
Transportation	351	298

District lacked adequate accounting and computer controls

Purchasing controls need strengthening—In fiscal year 2013, Kyrene ESD lacked adequate controls over its purchasing process. The District made some purchases without prior approval and paid vendors for some other purchases without first ensuring that it had received the goods or services purchased.

Inadequate controls over cash collections—The District needs to improve its cash collections controls over its food service receipts and extracurricular tax credit donations. Kyrene ESD lacked adequate oversight of its food service cash receipts because it did not verify that its food service management company deposited the proper amount of cash from food service sales. As a result, we identified some cash shortages reported in the District's point-of-sale system reports. Additionally, the District lacked adequate controls over its collection of extracurricular tax credit donations



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because it did not issue numerically controlled receipts when accepting donations. Instead, the District issued receipts that could be easily altered or deleted, increasing the risk of theft. The District's need to improve controls over cash collections and ensure that all employees handling cash have proper training was evident when we found \$726 of unexplained cash in a school safe.

Inadequate computer controls—The District lacked adequate controls over its computer network and systems. Specifically, the District did not require strong passwords to access its network and systems. Passwords could be short and did not need to contain numbers or symbols and were never required to be changed. Additionally, the District's network and accounting system had unnecessary generic accounts that were not assigned to specific users, making it difficult or impossible to hold anyone accountable if inappropriate activity were conducted while using these accounts. Lastly, the District lacked a written, up-to-date, and tested disaster recovery plan for its network and systems. Having a written and properly designed disaster recovery plan would help ensure continuous accessibility to sensitive and critical data in the event of a system or equipment failure or interruption.

Recommendations

The District should:

- Ensure proper approval prior to purchases being made and pay vendors only after documenting that goods and services have been received.
- Implement proper controls over cash handling.
- Enforce stronger password requirements, eliminate unnecessary generic user accounts, and create and test a formal disaster recovery plan.

District spent more on plant operations primarily for excess building space

In fiscal year 2013, the District potentially could have saved about \$2.2 million in plant operations costs by reducing its square footage to a level similar to its peer districts'. Specifically, in fiscal year 2013, Kyrene ESD's plant operations cost per pupil was 19 percent higher than peers', on average, because it maintained 17 percent more building space per student than peers did. As a result, the District's 25 schools operated at only 69 percent of their designed capacities, on average. Additionally, many of the District's schools that operated far below their designed capacities are located near each other, which provides opportunities for the District to reduce the number of schools it operates. The District established a Boundary Change Task Force (Task Force) in fiscal year 2014 to consider school boundary changes within the District. Although the District adopted the Task Force's recommendations, the recommendations only changed the distribution of students among the District's schools and did not reduce the District's excess building capacity on a district-wide level. Maintaining excess building space is costly to the District because the majority of its funding is based on its number of students, and not at all on its amount of square footage. Consequently, the District spent more of its available operating dollars for plant operations than peer districts, leaving it less money to spend in the classroom.

Recommendation

The District should analyze its excess building space and determine how to reduce it.