

Fredonia-Moccasin Unified School District

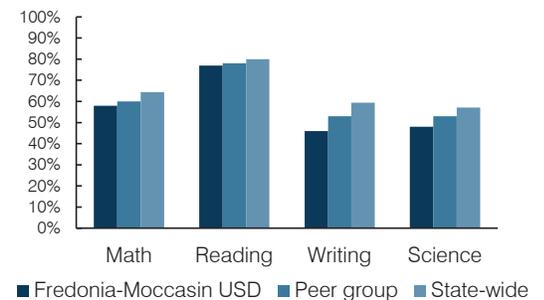
CONCLUSION: In fiscal year 2014, Fredonia-Moccasin USD's student achievement was similar to peer districts', and although it had higher costs in some noninstructional areas, the District's operations were reasonably efficient overall. The District's administrative costs per pupil were much higher than the peer districts' average, but only because it had fewer students than the peer districts, on average. However, the District needs to strengthen its accounting, computer, and building access controls. Fredonia-Moccasin USD's plant operations cost per pupil was slightly higher than the peer districts' average primarily because it operated much more square footage per pupil than the peer districts averaged. To its credit, the District has taken steps to reduce the amount of excess space it maintains, such as closing a school and closing off unused space at another school. The District's food service program was reasonably efficient, with a cost per meal that was similar to the peer districts' average. However, the District provided meals to a local preschool program but did not charge enough to cover its costs. Lastly, the District's transportation program had higher costs per mile and per rider, but the program was reasonably efficient. The District employed efficient practices, such as having its bus drivers perform other work for the District when not driving.

Similar student achievement and reasonably efficient operations

Student achievement similar to peer districts'—In fiscal year 2014, Fredonia-Moccasin USD's student AIMS scores in math, reading, and science were similar to the peer districts' averages, and its writing scores were slightly lower. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of B. Twelve of the 17 peer districts also received Bs, 2 received As, and 3 received Ds. Additionally, the District's 88 percent graduation rate was slightly higher than the peer districts' 83 percent average and much higher than the State's 76 percent average.

Reasonably efficient operations overall—Although the District had higher per pupil costs in several nonclassroom areas, based on our review of various performance measures, Fredonia-Moccasin USD operated in a reasonably efficient manner overall in fiscal year 2014. The District's administrative costs per pupil were much higher than the peer districts' average, but only because it had fewer students. The District's plant operations were reasonably efficient overall with costs that were much lower per square foot than the peer districts' average but slightly higher per pupil because the District maintained 47 percent more square footage per student. The District's food service program operated with a cost per meal that was similar to the peer districts' average, but its food service cost per pupil was much higher than the peer districts' average primarily because it served 20 percent more meals per pupil than the peer districts, on average. Lastly, although the District's costs per mile and per rider were higher than peer districts' averages, the District operated its transportation program in a reasonably efficient manner, employing efficient practices such as having its bus drivers perform other work for the District when not driving.

Percentage of students who met or exceeded state standards (AIMS) Fiscal year 2014



Comparison of per pupil expenditures by operational area Fiscal year 2014

	Fredonia-Moccasin USD	Peer group average
Administration	\$1,785	\$1,534
Plant operations	1,610	1,518
Food service	586	448
Transportation	414	501

District lacked adequate controls to protect it from errors, fraud, and unauthorized access to sensitive information

Inadequate accounting controls—The District had an increased risk of errors and fraud because it did not sufficiently separate its payroll and personnel functions. One employee was responsible for performing all payroll-processing duties and also had the ability to change employee pay rates and add or delete employees within the District's payroll system, which are typically personnel functions. In addition, we reviewed 30 fiscal year 2014 accounts payable transactions and found that 3 transactions were for purchases made without prior approval. Further, the District did not have adequate separation of duties and controls over cash collections. More specifically, one district employee was responsible for all cash collection duties without adequate supervisory review.

Inadequate computer controls—In fiscal year 2014, the District lacked adequate controls over its computer network and systems. More specifically, the District allowed network and accounting and student information system passwords to be short, did not require passwords to contain numbers or symbols, and did not require passwords to be changed periodically. Additionally, we found that five of the six accounting system users had more access to the accounting system than they needed to perform their job duties. In addition, 17 network user accounts had administrator-level access, and five network user accounts and three student information system user accounts were linked to employees who no longer worked for the District. Further, we found that 19 network user accounts and one accounting system user account were generic accounts not assigned to specific individuals, making it difficult or impossible to hold anyone accountable if inappropriate activity occurred while using these accounts. In addition, the District's server room was located in an area accessible to all staff, which increased the risk of network interruption due to intentional or accidental equipment damage. Lastly, the District did not have a formal, up-to-date, and tested disaster recovery plan to help ensure continuous accessibility to sensitive and critical data in the event of a system or equipment failure or interruption.

Poor physical access controls to buildings—In fiscal year 2014, the District had poor controls over physical access to its buildings because it did not follow its own policy for the assignment of keys. Specifically, the District's policy allows only specific personnel, such as the superintendent and the custodial director, to have unlimited access to district buildings. However, personnel beyond those specified in the policy were assigned keys with unlimited access to district facilities.

Recommendations

The District should:

- Implement proper controls over payroll, purchasing, and cash handling.
- Implement proper controls over its computer network and systems.
- Create and implement a formal disaster recovery plan.
- Review and limit employees' access to its buildings based on district policy.

District incurred a loss on meals provided for a contracted preschool program

In fiscal year 2014, Fredonia-Moccasin USD provided breakfasts and lunches to a local, federally funded preschool program. The District charged the preschool program for these meals; however, it did not charge enough to cover its costs. More specifically, the District's costs for these meals exceeded its revenues by more than \$5,000.

Recommendation

The District should renegotiate prices with the preschool program to ensure that revenues generated from selling meals at least cover the related costs.