

Bouse Elementary School District

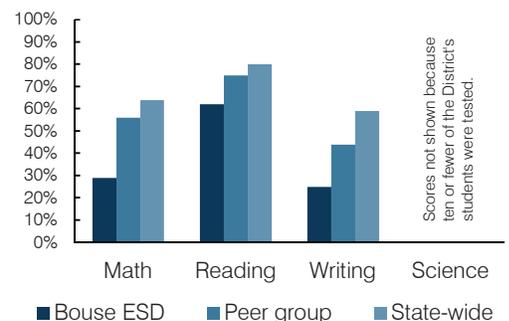
CONCLUSION: In fiscal year 2014, Bouse Elementary School District's student AIMS scores were lower than peer districts' averages, and although its costs were higher than peer districts' in most operational areas, the District was reasonably efficient overall for its size. The District's administrative costs per pupil were much higher than peer districts' but did not reflect inefficient operations. However, the District needs to strengthen payroll, purchasing, cash collection, and computer controls. Its plant operations and food service programs were also reasonably efficient despite higher costs, and the District has implemented cost-savings measures such as installing solar panels to lower its plant operations costs and fully utilizing United States Department of Agriculture food commodities to lower its food service costs. Additionally, the District's transportation program was reasonably efficient for its size, and we did not identify any inefficiencies.

Student achievement and operational efficiency

Student achievement—For very small districts such as Bouse ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. In fiscal year 2014, Bouse ESD's student test scores for math, reading, and writing were lower than peer districts' averages. Scores for science were not reported because ten or fewer of the District's students were tested. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of D for fiscal year 2014. Of the 16 other districts in Bouse ESD's student achievement peer group, 2 other districts also received a D letter grade, and the remaining 14 peer districts received better letter grades.

Reasonably efficient operations for its size—Although Bouse ESD's fiscal year 2014 per pupil costs were higher than peer districts' in almost all nonclassroom areas, its operations were reasonably efficient for its size. The District's per pupil costs were higher primarily because it served fewer students—32 students compared to the peer group average of 85 students. The District's administrative, plant operations, and food service costs were higher than peer districts', but we did not identify any overstaffing, unusually high salaries, or wastes of resources in these areas. Although the District's per mile transportation costs were higher than the peer districts' average, Bouse ESD operated only one bus route, and we did not identify any opportunities for greater cost efficiency.

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



Comparison of per pupil expenditures by operational area Fiscal year 2014

	Bouse ESD	Peer group average
Administration	\$5,236	\$2,835
Plant operations	4,327	2,137
Food service	1,534	901
Transportation	1,058	1,072

Accounting and computer controls need strengthening

Some employee payments were not supported—In fiscal year 2014, Bouse ESD did not maintain documentation to support payments to some employees and, in some cases, did not pay employees according to their employment contracts. Specifically, the District did not maintain employment contracts for 6 of its 29 employees and did not maintain documentation supporting payments made to 3 employees for additional duties. Further, the District did not pay 3 other employees in accordance with their contracts, including 1 employee who was overpaid \$8,750.

Some purchases lacked proper prior approval—The District did not always require proper approval prior to purchases being made. We reviewed 30 fiscal year 2014 purchases and found that 8 purchases were made without prior approval. Although the District is very small, it has adequate staffing to ensure proper approval prior to purchases being made.

Costs not accurately reported—In fiscal year 2014, Bouse ESD did not consistently classify its expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, its *Annual Financial Report* did not accurately reflect its costs. We found classroom and nonclassroom classification errors equivalent to 14.7 percent of the District's total operational spending.

Student activities cash collections require additional controls—The District did not have adequate controls to ensure that it properly accounted for all monies that it collected from student clubs. Specifically, the District did not always issue receipts when it collected monies from student clubs and did not have a process in place to have an employee not involved in collecting or depositing cash reconcile cash receipts to deposited amounts.

Computer controls need strengthening—One of the District's three accounting system users had more access in the accounting system than was appropriate. The employee had the ability to perform all accounting system functions without an independent review and approval. Additionally, the District's password requirements for its network were weak because passwords could be short and did not have to be periodically changed.

Recommendations

The District should:

- Implement proper controls over payroll and purchasing.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
- Implement proper controls over student activities cash collections.
- Implement proper controls over its computer network and accounting system.