

Nogales Unified School District

CONCLUSION: In fiscal year 2014, Nogales USD's student achievement was higher than the peer districts', and the District's operations were reasonably efficient overall. The District's administrative cost per pupil was similar to the peer districts' average. However, the District needs to strengthen its computer and building access controls. Nogales USD's plant operations costs were similar per pupil to the peer districts' average but much higher per square foot, partly because the District's buildings were older than the peer districts', on average, and because the District employed more security guard positions. In addition, the District's food service program was reasonably efficient, with a cost per meal that was similar to the peer districts' average. Lastly, the District's transportation program had higher costs per mile and per rider. Improved oversight of the District's transportation vendor could potentially improve the program's efficiency.

Higher student achievement and reasonably efficient operations

Student achievement higher than the peer districts'—In fiscal year 2014, Nogales USD's student AIMS scores in math, reading, and writing were much higher than the peer districts' averages, and its science scores were higher. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of A. Two of the 20 peer districts also received As, 2 received Bs, 8 received Cs, and 8 received Ds. Additionally, the District's 86 percent graduation rate was much higher than the peer districts' 75 percent average and higher than the State's 76 percent average.

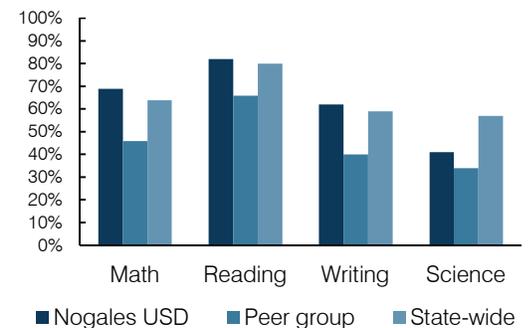
Reasonably efficient operations overall—In fiscal year 2014, Nogales USD operated in a reasonably efficient manner overall. Specifically, the District's administrative cost per pupil was similar to peer districts', on average. The District's plant operations costs were mixed, with per pupil costs that were similar to the peer districts' average and per square foot costs that were much higher because the District had older buildings and employed more security guards than the peer districts, on average. The District's food service cost per meal was similar to the peer districts' average, but its cost per pupil was much higher because it served 26 percent more meals per pupil. Lastly, the District's transportation program operated with higher costs per mile and per rider, but the program's efficiency could potentially be improved through better oversight of the District's transportation vendor.

District lacked adequate computer and building access controls

In fiscal year 2014, Nogales USD lacked adequate computer and building access controls. These poor controls exposed the District to an increased risk of errors, fraud, unauthorized access to sensitive information, and loss. Specifically:

- **Weak passwords**—System administrators assigned student information system passwords and never required password changes at initial login or anytime thereafter. In addition, student information system passwords could be short, and passwords were not required to contain numbers or symbols.

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



**Comparison of per pupil expenditures by operational area
Fiscal year 2014**

	Nogales USD	Peer group average
Administration	\$ 789	\$ 789
Plant operations	1,044	1,009
Food service	498	386
Transportation	243	406

- **Broad access to accounting system**—We found that 12 of the 86 employees with access to the accounting system had more access than they needed to perform their job duties.
- **Too many employees with administrator-level access**—We found that 16 network user accounts had administrator-level access, which allowed the user full control over network settings. Having this level of access increases the District’s risk of security breaches because hackers typically target administrator accounts for their greater access privileges.
- **Inadequate procedures for removing access to network and critical systems**—We found that 22 network user accounts and 23 student information user accounts were linked to employees who no longer worked for the District.
- **Shared user accounts**—We found that three network accounts and three student information system accounts were not assigned to specific individuals. Shared accounts create additional risk because it is difficult or impossible to hold anyone accountable if inappropriate activity occurred while using these accounts.
- **Installation of unauthorized software not limited or monitored**—District employees had the ability to install unauthorized software on district computers without network administrators’ permission, making the computers more vulnerable to costly and malicious attacks.
- **Incomplete contingency plan**—The District had a contingency plan, but it was missing some key components. Having a comprehensive contingency plan would help ensure continuous operations in the case of a system or equipment failure or interruption.
- **Poor controls over physical access to buildings**—The District had poor controls over physical access to its buildings because it did not maintain a complete and up-to-date log showing keys made and distributed to employees, and it did not have a formal process in place to determine the access level given to employees. To its credit, the District has developed a new policy outlining key procedures, but more needs to be done because the District estimated that more than 600 keys have been issued across the District to various employees.

Recommendations

The District should:

- Implement proper controls over its computer network and systems.
- Implement controls over its process for distributing and tracking building keys.

District needs to improve transportation program oversight

Compared to peer districts’ averages, Nogales USD’s fiscal year 2014 transportation costs were 19 percent higher per mile and 7 percent higher per rider. Factors, such as traveling more miles on bus routes for transporting special needs students than the peer districts averaged, increased the District’s costs. However, other factors, such as improving oversight of its transportation vendor, could help the District lower its transportation costs. Specifically, vendor billings did not contain sufficient detail, such as separately identifying costs by cost category. Adding this detail would allow the District to develop, monitor, and analyze cost measures and determine areas where it can achieve cost savings. In addition, the District should evaluate the efficiency of vendor-designed bus routes and determine whether any routes could be combined or eliminated to reduce costs.

Recommendations

The District should:

- Work with its transportation vendor to determine whether the vendor’s billings could be modified to provide detail by cost categories and use the information to determine areas where cost savings can be achieved.
- Review its bus routes to determine if it can improve route efficiency.