

Paloma Elementary School District

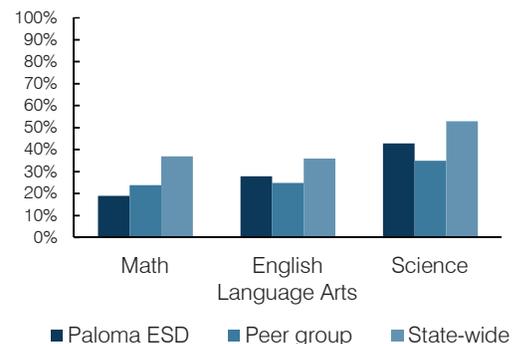
CONCLUSION: In fiscal year 2016, Paloma ESD's student test scores were similar to or higher than the peer districts' averages, and the District was reasonably efficient overall, operating with similar or lower costs in most noninstructional areas. Specifically, the District's administrative costs were lower than the peer districts' average primarily because its administrative employees performed duties in other operational areas. Despite lower administrative costs, the District needs to strengthen its purchasing and computer controls. Although the District's plant operations cost per pupil was similar to the peer districts' average, its cost per square foot was much higher because the District's buildings were older than the peer districts', on average, and older buildings tend to be less energy efficient. In addition, the District was in the process of constructing new school buildings during fiscal year 2016, which likely led to higher energy and insurance costs. The District's food service program cost per meal was lower than the peer districts' average, and the program was reasonably efficient. Additionally, the District's transportation cost per mile was similar to the peer districts' average, but its cost per rider could not be calculated because the District misreported the number of students it transported. Therefore, a determination of the District's transportation program efficiency was not possible. Finally, the District needs to improve its transportation program oversight.

Student achievement and operational efficiency

Student achievement—For very small districts such as Paloma ESD, year-to-year changes in student populations can greatly impact year-to-year student test scores. In fiscal year 2016, Paloma ESD's student test scores were similar to the peer districts' averages in Math and English Language Arts and higher in Science.

Reasonably efficient operations overall—In fiscal year 2016, Paloma ESD's administrative costs were lower than the peer districts' average primarily because its administrative employees performed duties in other operational areas. Although the District's plant operations cost per pupil was similar to the peer districts' average, its cost per square foot was much higher primarily because of higher costs for energy, insurance, and telecommunications. The District's per square foot energy costs were more than twice the peer districts' average partly because the District operated and maintained older, less energy-efficient buildings than the peer districts', on average, and it was constructing new school buildings during fiscal year 2016. Additionally, the District's food service program cost per meal was lower than the peer districts' average, but its cost per pupil was higher because it served more meals per student than the peer districts, on average. Finally, the District's transportation cost per mile was similar to the peer districts' average, but its cost per rider could not be calculated because the District misreported the number of students it transported in fiscal year 2016 for state funding purposes. Therefore, a determination of the District's transportation program's efficiency was not possible.

Percentage of students who passed state assessments
Fiscal year 2016



Comparison of per pupil expenditures by operational area
Fiscal year 2016

	Paloma ESD	Peer group average
Administration	\$2,146	\$2,987
Plant operations	2,508	2,523
Food service	1,098	918
Transportation	474	1,108

District needs to strengthen purchasing and computer controls

Paloma ESD needs to strengthen its purchasing and computer controls as we identified control issues in fiscal year 2016. Although we did not detect any improper transactions in the items reviewed, these poor controls exposed the District to an increased risk of errors, fraud, and data loss. Specifically:

- **Some purchases lacked proper approval**—The District did not always require proper approval prior to purchases being made. We reviewed 30 fiscal year 2016 accounts payable transactions and found 7 purchases that were made without prior approval.
- **Broad access to accounting system**—All six of the District's accounting system users had full access to the accounting system, giving them the ability to perform all accounting system functions without an independent review and approval.
- **Lack of formal IT contingency plan**—The District did not have a formal, up-to-date, and tested IT contingency plan even though it maintained critical student and accounting information on its computer network and systems.

Recommendations

The District should:

- Ensure that purchases are approved before they are made.
- Limit users' access to only those accounting system functions needed to perform their work.
- Create and implement a formal IT contingency plan.

District needs to improve transportation program oversight

In fiscal years 2016 and 2017, Paloma ESD lacked procedures to ensure that bus driver certification and bus preventative maintenance requirements were met. As a result, its regular bus driver experienced an 8-month lapse before obtaining an annual drug test for fiscal year 2017. Additionally, the District did not have documentation showing that either of its two buses received preventative maintenance services during fiscal year 2016. The District also misreported the number of students it transported for state funding purposes.

Recommendations

The District should ensure that bus driver certification and bus preventative maintenance requirements are met and accurately calculate and report riders transported for state funding purposes.