



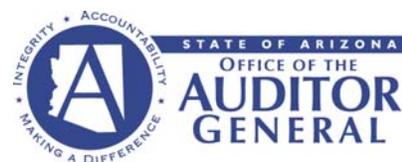
A REPORT
TO THE
ARIZONA LEGISLATURE

Division of School Audits

Performance Audit

Casa Grande Union High School District

November • 2009
Report No. 09-07



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.

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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

November 30, 2009

Members of the Arizona Legislature

The Honorable Jan Brewer, Governor

Governing Board
Casa Grande Union High School District

Ms. Nancy Pifer, Superintendent
Casa Grande Union High School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Casa Grande Union High School District*, conducted pursuant to A.R.S. §41-1279.03. I am also transmitting with this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the District agrees with most of the findings and recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on December 1, 2009.

Sincerely,

Debbie Davenport
Auditor General

DD:bl
Enclosure

SUMMARY

The Office of the Auditor General has conducted a performance audit of the Casa Grande Union High School District pursuant to A.R.S. §41-1279.03(A)(9). This performance audit examines six aspects of the District's operations: administration, student transportation, plant operation and maintenance, expenditures of sales taxes received under Proposition 301, the accuracy of district records used to calculate the percentage of dollars spent in the classroom, and the District's English Language Learner programs.

Administration (see pages 5 through 10)

On average, Casa Grande UHSD's administrative costs were slightly higher than comparable districts'. These higher costs occurred primarily because of the District's higher administrative staffing levels and partly from its higher purchased service costs. As a result, the District spent a higher percentage of its available operating dollars on administration than the comparable districts' and the state average. More specifically, the District had more information technology staff and spent more for professional and technical services such as legal services. Additionally, the District needs to correct problems with a number of its administrative practices. For example, it made improper payments totaling almost \$8,900 to local restaurants to pay for meals of district employees and board members not on travel status, and for nonemployees. The District also did not follow its credit card policies and procedures, which resulted in 14 of 30 credit card users exceeding their annual spending limits and numerous unsupported purchases. Further, the District increased its exposure to theft or fraud because it lacked adequate controls over cash handling and access to its accounting system. Lastly, the District improperly paid staff stipends that were not specified in their employment contracts or other formal documents.

Student transportation (see pages 11 through 16)

In fiscal year 2008, Casa Grande UHSD subsidized its transportation program by \$677,000—monies that could otherwise have potentially been spent in the classroom. The District had the highest per-rider and per-mile costs of the comparable districts, which resulted in its spending a much greater portion of its resources for student transportation. Further, the District's transportation costs have increased 124 percent since 2004 while its miles driven have increased only 3 percent. The District's high transportation spending is partially due to additional costs it incurred related to its evening school, providing shuttle runs, and employing a high number of bus assistants. However, the District's insufficient oversight of its vendor-operated transportation program likely also negatively impacted its costs. The District did not adequately review billings, did not conduct needed cost analysis, and did not establish and monitor performance measures. Additionally, the District's lack of oversight led to safety concerns as it resulted in the District's being unaware that numerous drivers and buses transporting its students did not have proper documentation to show they met DPS's *Minimum Standards*. For example, one driver transported students for 21 months after being denied certification by DPS for being convicted of, or subject to, an outstanding warrant for a felony. Similarly, not all of the bus files contained required DPS inspections and at least seven buses had a violation that required that the bus be pulled from service until repaired.

Plant operation and maintenance (see pages 17 through 19)

The District's plant costs per square foot were 60 percent higher than the comparable districts' largely because of its employing more staff, specifically security guards. Because of these high costs and the District's plans to open another high school in August 2009, it is critical that the District review its staffing levels and monitor costs to determine whether they are appropriate and where savings can be achieved.

Proposition 301 monies (see pages 21 through 25)

For fiscal year 2008, Casa Grande UHSD spent its Proposition 301 monies for purposes authorized by statute, with each eligible employee earning up to \$7,788 in Proposition 301 monies. However, the District's performance pay goals did not promote improved performance, and its plan did not specify how much performance pay eligible employees could earn. The District also paid some employees incorrect

amounts of Proposition 301 monies. More specifically, some teachers were paid for goals not met, and at least 15 employees were paid incorrect amounts.

Classroom dollars (see pages 27 through 29)

Although Casa Grande UHSD received more funding per pupil than comparable districts, allowing it to spend \$622 more per pupil, it did not spend these additional monies in the classroom. As a result, after adjusting approximately \$1.7 million for accounting errors, the District's revised classroom dollar percentage was only 52.8 percent; significantly lower than the comparable districts' average of 58.1 percent and the State's 57.3 percent average. The District's additional funding came primarily from state transportation aid, a voter-approved maintenance and operations override, and federal programs. However, the District's override vote failed in November 2008, making it even more important for the District to review its noninstructional spending.

English Language Learner programs, costs, and funding (see pages 31 through 34)

In fiscal year 2008, Casa Grande UHSD identified approximately 6 percent of its students as English language learners (ELL) and provided Structured English Immersion and Compensatory Instruction programs for them. However, the District was not in compliance with state requirements because it tested some, but not all, of its students with primary home languages other than English, did not provide English language development instruction to all ELL students, and did not ensure that student test data was accurate.

TABLE OF CONTENTS



Introduction & Background	1
Chapter 1: Administration	5
Higher staffing levels and purchased services led to slightly higher administrative costs	5
Inappropriate meal expenses an apparent gift of public monies	7
Better oversight of credit card usage needed	8
Inadequate controls increase risk of theft and fraud	8
Stipends were inappropriately paid to staff	9
Recommendations	10
Chapter 2: Student transportation	11
Background	11
Transportation program's high costs exceed revenues by \$677,000	12
Insufficient district oversight led to safety concerns	15
Recommendations	16
Chapter 3: Plant operation and maintenance	17
Background	17
Higher plant costs largely due to employing more staff	17
Recommendation	19

• continued



TABLE OF CONTENTS

Chapter 4: Proposition 301 monies	21
Background	21
District's Proposition 301 plan was incomplete	23
District did not follow its Proposition 301 plan	23
Goals did not promote improved performance	24
Recommendations	25
Chapter 5: Classroom dollars	27
Casa Grande UHSD did not accurately report costs, and its classroom dollar percentage was below state and national averages	27
The District spent more per student than comparable districts	28
Recommendations	29
Chapter 6: English Language Learner programs, costs, and funding	31
Background	31
Types of ELL programs in Arizona	32
District's ELL program	33
Recommendations	34
Appendix	a-1
District Response	

continued ♦

TABLE OF CONTENTS



Tables:

1	Total and Per-Pupil Administrative Cost Comparison Fiscal Year 2008 (Unaudited)	6
2	Comparison of Per-Pupil Administrative Costs by Category Fiscal Year 2008 (Unaudited)	6
3	Students Transported, Mileage, and Costs Fiscal Year 2008 (Unaudited)	12
4	Plant Costs and Square Footage Comparison Fiscal Year 2008 (Unaudited)	18
5	Comparison of Expenditure Percentages and Per-Pupil Expenditures by Function Fiscal Year 2008 (Unaudited)	28

Figures:

1	District Growth in Attending Students Fiscal Years 2003 through 2008 (Unaudited)	3
2	Comparison of Transportation Revenues to Expenditures Fiscal Years 2004 through 2008 (Unaudited)	13

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INTRODUCTION & BACKGROUND

The Office of the Auditor General has conducted a performance audit of the Casa Grande Union High School District pursuant to A.R.S. §41-1279.03(A)(9). This performance audit examines six aspects of the District's operations: administration, student transportation, plant operation and maintenance, expenditures of sales taxes received under Proposition 301, the accuracy of district records used to calculate the percentage of dollars spent in the classroom, and the District's English Language Learner program.

Casa Grande Union High School District is located in Casa Grande, a city of approximately 35,000 people located midway between Phoenix and Tucson. In addition to the city of Casa Grande, the District also serves the surrounding communities of Arizona City, Toltec, Stanfield, and Sacaton. In fiscal year 2008, the District served 3,497 students in grades 9 through 12. The District has one traditional high school, one district-sponsored charter high school, and one alternative high school. An additional traditional high school, Vista Grande High School, is scheduled to open in August 2009.

A five-member board governs the District, and a superintendent and assistant superintendent manage it. In fiscal year 2008, the District employed 4 principals, 4 assistant principals, 175 certified teachers, 24 instructional aides, and 121 other employees, such as administrative staff, bus drivers, and custodians. The four assistant principals all served at the traditional high school, Casa Grande High School. The additional principal was hired to help with the overload of students at Casa Grande High School and to plan for the opening of the new school.

District programs and challenges

The District offers various instructional and other programs (see textbox on page 2). Extracurricular activities include after-school athletic programs and club associations for subjects such as culinary arts, French, Spanish, robotics, and acting. The District's charter school, Casa Verde High School, offers a career and college preparatory curriculum to a group of no more than 300 students, culminating with an

externship with a local business or organization for most of its participants. Desert Winds High School is the District's alternative evening school and provides support and assistance to students who have struggled in a traditional school setting. Casa Grande High School offers a career and technical education program that formats its curriculum according to the current needs of the community and State.

The District offers:

- Advanced placement, honors, and college preparatory classes
- Dual enrollment with Central Arizona College
- Gifted program
- Migrant education program
- Athletics and other extracurricular activities
- Band
- National Honor Society
- Student council
- Externships with local businesses and organizations

In fiscal year 2008, the District had six goal committees, which were composed of district employees and board members. Goal committees were tasked with evaluating various

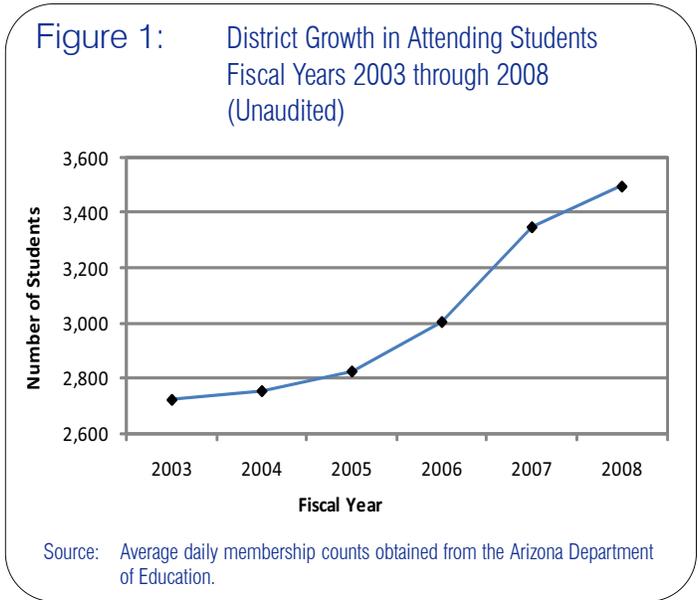
issues and making recommendations to the District's Governing Board on how to resolve those issues. Committees included Student and Staff Learning, High Quality Facilities, Parent and Community Relations, Safety (Drug Testing), Organizational Effectiveness, and a Steering Committee composed of principals, district administrators, the Governing Board President, and a representative from the teachers' association. For example, some of the recommendations made by the Facilities committee included building Vista Grande High School, remodeling the band room and bookstore at Casa Grande High School, and building a new transportation complex with a print shop and receiving area. All of these projects have been completed.

For the 2008 school year, the District had one school labeled "highly performing," one labeled "performing plus," and one labeled "performing" through the Arizona LEARNS program. Additionally, two of the District's schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, while one school failed to meet at least one of the required objectives.

According to district officials, the District's challenges include:

- Keeping abreast of technology, given the rapidly changing technological landscape. Despite this challenge, the District has been able to install projectors in each of its classrooms.
- Adequately serving the needs of a community spanning 1,280 square miles, specifically in regards to efficiently transporting students to and from school who live in the District's outlying areas.

- Adequately planning for future enrollment, given the community's growth rate. The District's enrollment increased by 775 students, or 28 percent, between fiscal years 2003 and 2008.



In addition, the District is currently faced with a financial challenge, as the budget override that had been in effect for more than 20 years failed to pass at the November 2008 election. As a result, according to district officials, the District is forced to cut roughly \$633,000, or about 3 percent, from its budget each year for the next 3 years, starting in fiscal year 2010. District officials, including board members, have been meeting to discuss different ways to cut the budget for next school year, including having larger class sizes.

Scope and objectives

Based in part on their effect on classroom dollars, as previously reported in the Auditor General's annual report, *Arizona Public School Districts' Dollars Spent in the Classroom (Classroom Dollars report)*, this audit focused on the District's efficiency and effectiveness in three operational areas: administration, student transportation, and plant operation and maintenance. Further, because of the underlying law initiating these performance audits, auditors also reviewed the District's use of Proposition 301 sales tax monies and how accurately it accounted for dollars spent in the classroom. In addition, auditors reviewed the District's English Language Learner (ELL) program to determine its compliance with program and accounting requirements. To evaluate costs in each of these areas, only current expenditures,

primarily for fiscal year 2008, were considered.¹ The methodology used to meet the objectives is described in this report's Appendix.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and her staff express their appreciation to the Casa Grande Union High School District's board members, superintendent, and staff for their cooperation and assistance throughout the audit.

♦ 1 Current expenditures are those incurred for the District's day-to-day operation. They exclude costs associated with repaying debt, capital outlay (such as purchasing land, buildings, and equipment), and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

CHAPTER 1

Administration

Casa Grande Union High School District's fiscal year 2008 per-pupil administrative costs were slightly higher than the comparable districts' average.¹ As a result, the District spent a higher percentage of its available operating dollars on administration than the comparable districts' average and the state average.² The District's higher administrative costs were primarily due to having more administrative positions. Additionally, the District needs to address several of its administrative practices. It paid for meals for staff who were not on travel status, resulting in an apparent gift of public monies. Further, the District needs to better oversee its credit card usage, ensuring that all purchases are supported and within district limits. The District also needs to reduce its exposure to theft and fraud by improving controls over cash handling and access to its accounting system. Finally, it needs to ensure that all compensation is included in employee contracts or other formal documents before the work is performed.

Administrative costs are monies spent for the following items and activities:

- **General administrative expenses** are associated with governing board's and superintendent's offices, such as elections, staff relations, and secretarial, legal, audit, and other services; the superintendent's salary, benefits, and office expenses; community, state, and federal relations; and lobbying;
- **School administrative expenses** such as salaries and benefits for school principals and assistants who supervise school operations, coordinate activities, evaluate staff, etc., and for clerical support staff;
- **Central support services** such as business support services, planning, research, development, and evaluation services; informing students, staff, and the general public about educational and administrative issues; recruiting, placing, and training personnel; and administrative technology services.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

Higher staffing levels and purchased services led to slightly higher administrative costs

As shown in Table 1 (on page 6), Casa Grande UHSD spent slightly more on administration than comparable districts averaged. The District's \$879 per-pupil administrative cost was 7 percent higher than the comparable districts' \$823 per-pupil average cost. As a result, the District spent a larger proportion of its available operating dollars for administration than comparable districts spent, on average. Casa Grande UHSD spent 11 percent of its available operating dollars on

¹ The five comparable districts were selected primarily on the basis of their similarity in number of students and schools.

² Available operating dollars are those used to make current expenditures as defined in footnote 1 on page 4.

administration, compared to the comparable districts' average of 10.2 percent and the state average of 9.2 percent. Had the District's administrative costs been similar to the comparable districts', it would have had an additional \$194,700 available to potentially spend in the classroom.

Table 1: Total and Per-Pupil Administrative Cost Comparison
Fiscal Year 2008
(Unaudited)

District Name	Total Administrative Costs	Number of Students	Administrative Cost Per Pupil
Fountain Hills USD	\$2,058,260	2,229	\$923
Casa Grande UHSD	3,072,461	3,497	879
Blue Ridge USD	2,218,319	2,577	861
Chino Valley USD	2,199,688	2,681	821
Buckeye UHSD	2,103,085	3,060	687
Average of the comparable districts¹	\$2,144,838	2,637	\$823

¹ Colorado River UHSD was excluded from the comparable district average because its unusually low administrative costs (lowest in the State for medium-sized districts) skew the comparable

Source: Auditor General staff analysis of district-reported fiscal year 2008 accounting data and average daily membership information obtained from the Arizona Department of Education.

When administrative costs are further divided into categories, it is clear that the District's higher costs occurred primarily in salaries and benefits and, to a lesser extent, purchased services. As shown in Table 2 below, Casa Grande UHSD spent \$42 per pupil more on administrative salaries and benefits than the comparable districts spent, on average. The District also spent \$16 more per pupil for purchased services than comparable districts. These higher costs were due to the District's

Table 2: Comparison of Per-Pupil Administrative Costs by Category
Fiscal Year 2008
(Unaudited)

District Name	Salaries and Benefits	Purchased Services	Supplies and Other	Total
Fountain Hills USD	\$800	\$94	\$29	\$923
Casa Grande UHSD	752	96	31	879
Blue Ridge USD	792	48	21	861
Chino Valley USD	680	107	34	821
Buckeye UHSD	569	70	48	687
Average of the comparable districts	\$710	\$80	\$33	\$823

Source: Auditor General staff analysis of district-reported fiscal year 2008 accounting data and average daily membership information obtained from the Arizona Department of Education.

employing more administrative employees and paying more for purchased professional services.

More administrative positions—Casa Grande UHSD's higher salary and benefit costs are primarily related to the number of administrative positions the District employed, particularly in information technology and assistant principals.

- **More information technology (IT) staff**—Casa Grande employed ten technology-related employees while the comparable districts averaged three. The District had three technicians responsible for installing and maintaining all hardware, such as computers, printers, and projectors; two employees responsible for software; two employees who maintained student data; one network administrator; one employee who worked at the help desk; and one IT director.
- **More assistant principals**—While the District's Casa Verde and Desert Winds schools did not have assistant principals, Casa Grande High School had four assistant principals. Most of the comparable districts' schools had only one assistant principal at each of their high schools, but their schools were much smaller. Larger high schools like Casa Grande High School often have three or four assistant principals. In fiscal year 2008, Casa Grande H.S. also employed an additional principal to prepare for the opening of the District's new school, which contributed to the District's higher administrative costs. For next school year, the District plans to move a principal, assistant principal, and teachers from Casa Grande to the new school.

Higher professional and technical services—Casa Grande UHSD spent \$229,000, or \$66 per pupil, on outside professional and technical services. The comparable districts averaged \$44 per pupil, or 33 percent less, for these types of services. The District paid about \$64,500 for legal services in fiscal year 2008. In contrast, the comparable districts averaged about \$19,700 for legal services in fiscal year 2008. According to district officials, the District was involved in a 2-year litigation that was settled in fiscal year 2009.

Inappropriate meal expenses an apparent gift of public monies

According to Attorney General Opinion I90-077, school district employees are eligible for meals only when they are on travel status. According to state travel policies that school districts must follow, employees must be 50 or more miles from their workplace to be considered on travel status.¹ However, district employees often met

¹ A.R.S. §15-342 requires school districts to adopt travel policies that prescribe amounts for reimbursing lodging and meals incurred for district purposes that do not exceed the maximum amounts established by the Arizona Department of Administration. These maximum amounts are included in the travel policy section of the Arizona Accounting Manual.

at local restaurants and charged the meals to their credit cards. In fiscal year 2008, the District paid almost \$8,900 at restaurants that were within 50 miles of the district office. Almost \$6,800 was spent at restaurants within the city of Casa Grande. Based on notes written on the receipts and information from district officials, meal purchases were for district employees, board members, and nonemployees. As the district employees were not on travel status, these meal purchases were not allowable and appear to be a gift of public monies. Further, the District should not pay for meals for individuals who are not district employees.

Better oversight of credit card usage needed

The District assigned 30 credit cards to administrative staff and department chairs for emergency and travel purposes. In fiscal year 2008, district employees used these credit cards to make 580 purchases totaling more than \$56,000. The District established a system of policies and procedures to control the credit card purchases, but did not effectively follow these policies and procedures.

- **Lack of supporting documentation for purchases**—According to district policy, credit card users are required to submit an approved requisition and all receipts for their credit card purchases. Auditors reviewed 235 credit card transactions and found that 177 were not properly supported with approved requisitions and receipts. Specifically, none of these transactions had proper approval, and 44 transactions had no supporting documentation at all. Without sufficient supporting documentation, such as approved requisitions and receipts, district employees cannot ensure that charges are accurate and appropriate.
- **Annual credit limits exceeded**—According to district policy, administrative staff had annual limits of \$1,500 each and department chairs had annual limits of \$500 each. During fiscal year 2008, 14 of the 30 credit card users exceeded their limits by amounts ranging from \$43 to \$15,900.

Inadequate controls increase risk of theft and fraud

The District lacked adequate control over the cash received at its bookstore and over employee access to its accounting system, increasing its risk of loss, theft, and fraud.

Inadequate control over cash handling—The District did not adequately separate cash-handling and recordkeeping responsibilities. For example, the bookstore manager who prepared cash receipts and made deposits for student activities, auxiliary operations, and tax credits receipts also maintained the records

and reconciled the bank statements for these accounts. Failure to adequately separate these duties left these monies susceptible to loss, theft, or misuse.

Inadequate control over accounting system—Casa Grande UHSD has not established proper user access control to protect the integrity of its accounting system. For example, four users had the ability to add new vendors, create and approve purchase orders, and pay vendors. Additionally, four users had the ability to add new employees, change employee pay rates, and process payroll. Allowing an individual the ability to initiate and complete a transaction without an independent review and approval exposes the District to increased risk of errors, fraud, and misuse of sensitive information, such as processing false invoices or adding nonexistent vendors or employees.

Stipends were inappropriately paid to staff

The District improperly paid staff stipends that were not specified in their employment contracts or other formal documents. During fiscal year 2008, the District inappropriately paid over \$180,000 in stipends to employees for additional duties, such as trainings, participation on committees, and summer school.

Districts may pay only the amounts to employees that are provided for in the employees' contracts or other formal documents, such as addendums, employment letters, or payroll action forms. Attorney General Opinion I84-034 states that "a flat sum-certain increase in salaries is permissible only if it is contracted for **prior** (emphasis added) to the time that services are rendered." Since the stipends were not included in the employees' written contracts or other formal documents, they may constitute a gift of public monies in violation of the Arizona Constitution.

To establish adequate accountability over public monies, the District should ensure that any required additional duties or activities are documented in writing and agreed to prior to the services' being performed.

Recommendations

1. The District should review its administrative positions and the related duties and salaries to determine how administrative costs can be reduced.
2. The District should review its administrative purchased services to determine how these costs can be reduced.
3. The District should discontinue paying for meals for employees who are not on travel status and for nonemployees.
4. The District should enforce its credit card policies by requiring and maintaining supporting documentation for all expenditures, and ensuring credit card purchases do not exceed the established limits.
5. The District should improve its cash controls by separating cash-handling and recordkeeping responsibilities.
6. The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without independent review and approval.
7. The District should clearly identify any additional compensation in employee contracts prior to the services' being rendered.

CHAPTER 2

Student transportation

Casa Grande UHSD subsidized its transportation program by \$677,000—monies that could otherwise be spent in the classroom. The District spent more per rider and per mile than any of the comparable districts. The District's higher costs resulted from (1) low capacity for evening school routes and shuttle runs to out of district facilities, (2) a high number of bus assistants, (3) not sufficiently reviewing vendor billings, and (4) not analyzing costs or establishing and monitoring performance measures. Further, the District did not ensure that the vendor met state standards for bus maintenance and driver requirements.

Background

During fiscal year 2008, Casa Grande UHSD paid a private vendor to transport 1,550 of its 3,497 students to and from its three schools. According to district officials, the District began contracting out its transportation in fiscal year 2003 because rapid growth within the District would have necessitated a drastic capital outlay to increase the District's bus fleet. Additionally, keeping a sufficient staff of trained drivers was difficult and maintenance costs were high. In fiscal year 2008, the District owned 20 buses and paid the vendor to maintain these buses and to provide drivers. In addition, the District also used buses owned and maintained by the vendor. Casa Grande UHSD did not employ any district transportation employees. Besides its regular routes, the District provided transportation for field trips and after-school activities through its vendor.

Transportation Facts for Fiscal Year 2008

Riders	1,550
Regular routes	36
Special-needs routes	9
Average daily route miles ¹	4,500
Total miles ¹	810,025
Total noncapital expenditures	\$2,708,155

¹ Auditor-calculated mileage based on district records.

Transportation program's high costs exceed revenues by \$677,000

As shown in Table 3 below, Casa Grande UHSD had the highest student transportation costs of all the comparable districts. Because of these high costs, the District used a much greater portion of its resources for student transportation, spending 9.7 percent of its available operating dollars on transportation compared to the comparable districts' average of 5.6 percent and the state average of 4.4 percent. In fiscal year 2008, these high costs led to the District's spending \$677,000 more on student transportation than it received in transportation funding—money that could otherwise have been used in the classroom.

Table 3: Students Transported, Mileage, and Costs
Fiscal Year 2008
(Unaudited)

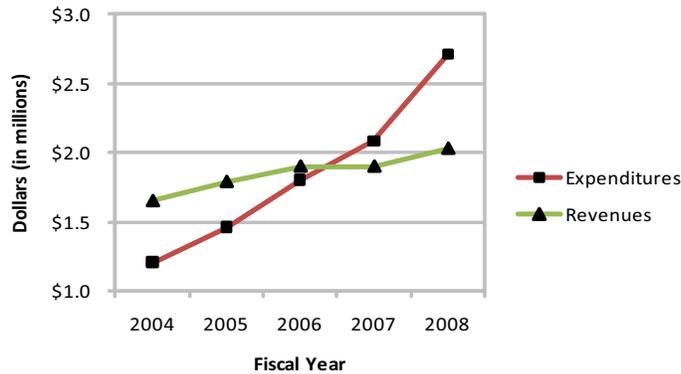
District Name	Total Riders	Total Miles ¹	Total Noncapital Expenditures	Cost Per Rider	Cost Per Mile	Miles Per Rider
Casa Grande UHSD	1,550	810,025	\$2,708,155	\$1,747	\$3.34	523
Fountain Hills USD	879	233,866	718,323	817	3.07	266
Colorado River UHSD	653	312,945	884,898	1,355	2.83	479
Chino Valley USD	1,622	416,153	1,156,040	713	2.78	257
Blue Ridge USD	1,991	406,096	1,045,435	525	2.57	204
Buckeye UHSD	1,371	731,454	1,553,665	1,133	2.12	534
Average of the comparable districts	1,303	420,103	\$1,071,672	\$909	\$2.67	348

¹ Casa Grande UHSD miles were calculated by auditors using district records.

Source: Auditor General staff analysis of Arizona Department of Education fiscal year 2008 district mileage reports and district-reported fiscal year 2008 accounting data.

Since 2004, the District's transportation spending has increased 124 percent while its miles driven have increased just 3 percent. Because the student transportation funding formula is based primarily on the number of route miles traveled, the District's increasing expenditures are outpacing its revenues resulting in the District's having to subsidize its transportation program. Because of the District's higher costs and because the District subsidized its transportation program, auditors looked for factors that may have contributed to these higher costs.

Figure 2: Comparison of Transportation Revenues to Expenditures
Fiscal Years 2004 through 2008
(Unaudited)



Source: Auditor General staff analysis of Arizona Department of Education fiscal years 2004 through 2008 revenue reports and district-reported fiscal years 2004 through 2008 accounting data.

District incurs additional costs to provide special programs and services—The District’s high transportation spending is partially due to additional costs it incurred related to its evening school and shuttle runs and because it employed a large number of bus assistants.

- Low capacity on evening school routes**—As discussed in the Introduction to this report, Casa Grande UHSD has three schools—Casa Grande High School, which is a traditional school; Casa Verde High School, the District’s charter school; and Desert Winds High School, an alternative evening school. While the Casa Grande and Casa Verde routes appeared efficient, the capacity utilization for the Desert Winds routes was very low. In fiscal year 2008, the District operated 27 regular routes to Casa Grande High School and Casa Verde charter school. These routes averaged approximately 79 percent bus capacity utilization. Districts with efficient bus routes will typically use 75 percent or more of bus capacity. The District also operated 9 bus routes for students attending the evening school. Fewer students attend this school, so the buses transport fewer students, but they still need to transport them from all over the District. Therefore, these routes averaged only about 29 percent capacity utilization.
- Low capacity on shuttle runs**—In addition to its home-to-school runs, the District operated daily shuttle runs to transport some Casa Grande High School students to a beauty college for a half-day program and to transport some Casa Verde students to a local dance studio. One of these runs averaged 4 students while the other averaged 21. Additionally, the District operated daily shuttle runs from Casa Verde to a local gym for physical education classes because the charter school does not have a gymnasium.

One of these runs averaged 7 students while the other averaged 13 students. These shuttle runs were operated using full-sized buses.

- **Large number of bus assistants**—The District paid more than \$192,000 for individuals to assist the drivers on the school buses. Of this total, almost \$108,000 was for assistants on regular education routes. Most of the nine Desert Winds routes had bus assistants because these buses operated at night and some of the students had discipline issues. In addition, the District also paid to have bus assistants on 11 of the 27 regular education routes for Casa Grande High School. One of the comparable districts had one bus assistant assigned to a regular education route, while the other comparable districts did not have any. District officials stated that there was a lot of disorderly conduct on the buses, and some employees functioned as bus assistants while they were being trained to become bus drivers. The District was charged \$13 per hour for each assistant based on the time the assistant signed in and out.

Insufficient district oversight led to high costs—The District did not sufficiently oversee its transportation program, likely resulting in higher costs. For example, the District did not adequately review its billings, did not analyze costs to choose the best method of being billed, and did not establish and monitor performance measures to address rapidly increasing costs.

- **Billings not sufficiently reviewed**—The District did not sufficiently review vendor billings to ensure they were appropriate and in accordance with its contract.¹ Auditors reviewed two billings in detail and noted several questionable charges. For example, one regular education home-to-school route totaled 2 hours on some days and 5 hours on other days. Similarly, even though the route maps remained consistent, one route totaled 179 miles one day and 95 miles the next day. Auditors also noted instances where the bus assistant logged more hours than the bus driver did for the same day and route.
- **Cost analysis not performed**—In addition to regular per-bus charges, the vendor billed the District for excess charges when a route exceeded 4 hours or 75 miles a day. These charges totaled \$439,700 in fiscal year 2008, and accounted for 16 percent of the program's total operating costs. However, the District did not determine whether it would have been more cost efficient to establish additional routes rather than being charged these excess amounts.
- **Performance measures not established and monitored**—The District's subsidy of its transportation program and high costs emphasize the need for monitoring transportation operations. Measures such as cost-per-mile and cost-per-rider can help the District identify areas for improvement. However,

¹ The District did not have a formal written contract with its transportation vendor. Instead, the two parties operated under the terms and conditions outlined in the vendor's bid proposal as if it were the contract.

the District has not established and monitored performance measures for the transportation program. Without such measures, the District is unable to evaluate the overall efficiency of its program and the cost-effectiveness of its vendor arrangement, or to proactively identify operational and safety issues that may need to be addressed with the vendor.

Insufficient district oversight led to safety concerns

The District failed to ensure driver requirements were met and bus maintenance was performed and documented in accordance with the Department of Public Safety's (DPS) *Minimum Standards for School Buses and School Bus Drivers*. The District failed to improve its oversight even after one of its feeder district's recent performance audit identified numerous findings for the same vendor.

District did not ensure vendors' drivers met state standards—The District did not sufficiently review driver files to ensure that all drivers were certified to be bus drivers and received the drug tests and training required by DPS's *Minimum Standards*. Auditors reviewed 35 driver files and found:

- **Criminal charges**—One driver was denied certification by DPS in June 2007 for being convicted of, or subject to, an outstanding warrant for a felony. Even though the driver and the vendor were notified of DPS' decision in writing, the driver was not terminated by the vendor. Near the end of fiscal year 2009, the District received an anonymous letter claiming that there were problems with some of the vendor's drivers. The District investigated, and based on fingerprinting and background checks, requested that the vendor dismiss a couple of the drivers. One of these was the driver previously discussed. By the time the District had this employee terminated, he had been transporting district students for 21 months.
- **Drug testing**—DPS' *Minimum Standards* requires annual drug testing of bus drivers. However, 19 of the driver files did not have documentation of an annual drug test. Further, the vendor's policy requires pre-employment, random, reasonable cause, and post-accident drug and alcohol testing, but does not require annual drug testing of bus drivers, which is inconsistent with state requirements.
- **Other requirements**—Twenty driver files did not have documentation of other requirements such as trainings, physical examinations, physical performance tests, and CPR and first aid certifications.

District did not ensure buses met state standards—The District did not sufficiently review bus files to ensure that the buses were safe to drive and that the

bus maintenance work required by DPS' *Minimum Standards* was performed. Auditors reviewed 30 bus files, which included district and vendor buses, for inspections performed by DPS. Five of the 30 buses did not have DPS inspections on file. Of the 25 buses that did, 15 buses had one or more violations and 7 buses had a violation that required that the bus be pulled from service until repaired.

Additionally, auditors reviewed these bus files to ensure proper documentation of bus maintenance work. None of these 30 bus files contained repair and maintenance records going back the required 3 years. Furthermore, although vendor officials stated that they performed routine preventative maintenance work, 19 of the 30 bus files reviewed did not contain documentation of such work. Therefore, the District does not know the extent of bus maintenance work performed, including work performed on district-owned buses.

Recommendations

1. The District should review the costs associated with its special programs and services and determine whether they are necessary and being provided in the most cost-efficient manner.
2. The District should review its need for bus assistants on regular routes to determine if these costs can be reduced.
3. The District should review its billings to ensure that it is being charged according to the agreed-upon terms and in the most cost-effective manner.
4. To aid in evaluating the costs and efficiency of its transportation program, the District should establish and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.
5. The District should periodically review both driver and bus files to ensure all requirements are met and documented in accordance with DPS' *Minimum Standards*.

CHAPTER 3

Plant operation and maintenance

Casa Grande UHSD's per-square-foot plant costs were 60 percent higher than the comparable districts' average primarily because the District employed more staff. As the District opens its new school, it should review staffing levels and monitor costs to determine whether they are appropriate and where savings can be achieved.

Background

In fiscal year 2008, Casa Grande UHSD operated three schools—Casa Grande High School; Casa Verde Charter School; and Desert Winds High School, the District's alternative school. The charter school and alternative school shared the same building with the charter school operating during the day and the alternative school operating in the evening. As discussed in this report's Introduction, the District has experienced significant growth over the past few years. Since fiscal year 2003, the District has grown by approximately 775 students, or 28 percent. In fiscal year 2010, the District plans to open an additional high school with both state and bond-issued monies to alleviate overcrowding at Casa Grande High School. The new high school is projected to increase the District's building capacity by an additional 1,995 students.

Higher plant costs largely due to employing more staff

In fiscal year 2008, Casa Grande UHSD's per-student plant costs were similar, but its per-square-foot costs were significantly higher than the comparable districts' average. As shown in Table 4 on page 18, Casa Grande UHSD spent more per square foot than all of the comparable districts. The District's \$8.61 per-square-foot cost was 60 percent higher than the \$5.37 average of the comparable districts. Had

What are plant operation and maintenance costs?

Salaries, benefits, and other costs for heating and cooling, equipment repair, groundskeeping, and security.

Source: Auditor General staff analysis of the USFR Chart of Accounts.

the District spent a similar amount per square foot as the comparable districts, it could have saved almost \$1.3 million—monies that could otherwise have been used in the classroom.

**Table 4: Plant Costs and Square Footage Comparison
Fiscal Year 2008
(Unaudited)**

District Name	Plant Costs				Square Footage Per Student
	Total	Per Student	Per Square Foot	Total Gross Square Footage	
Casa Grande UHSD	\$3,355,655	\$960	\$8.61	389,695¹	111
Colorado River UHSD	2,584,869	1,069	6.23	414,975	172
Blue Ridge USD	2,202,278	855	5.55	396,703	154
Chino Valley USD	1,793,102	669	5.37	333,689	124
Buckeye UHSD	3,309,420	1,082	5.35	618,259	202
Fountain Hills USD	2,059,841	924	4.36	472,562	212
Average of the comparable districts	\$2,389,902	\$920	\$5.37	447,238	173

¹ Because the charter school and alternative school use the same building space at different times, auditors included the square footage for this school twice in the total square footage shown above.

Source: Auditor General staff analysis of district-reported fiscal year 2008 accounting data and average daily membership information obtained from the Arizona Department of Education, and fiscal year 2008 gross square footage information obtained from the Arizona School Facilities Board.

High salary and benefit costs due to more employees—Casa Grande UHSD’s higher plant costs resulted primarily from its employing more plant operation and maintenance staff. Specifically, the District employed 50 full-time equivalent (FTE) plant employees, while the comparable districts’ averaged 31 FTEs.¹ For example, Casa Grande UHSD employed more security guards. The District employed 20 security guards while the comparable districts averaged 3 security guards. District officials stated that the high number of security guards is needed because of the overcrowding at Casa Grande High School, because the schools were being vandalized at night, and because Desert Winds High School operates until 9:00 pm and serves some students who have behavioral problems.

New school—The District plans to open its new high school, Vista Grande High School, in August 2009. In light of its high costs per square foot and the opening of this new school, it is especially important that the District review its staffing levels and monitor its plant costs.

¹ In this specific FTE analysis, Chino Valley USD was excluded because the District was unable to provide auditors with accurate detailed payroll data.

Recommendation

As the District opens its new school, it should review its staffing levels and monitor its costs to determine whether they are appropriate and where savings can be achieved.

CHAPTER 4

Proposition 301 monies

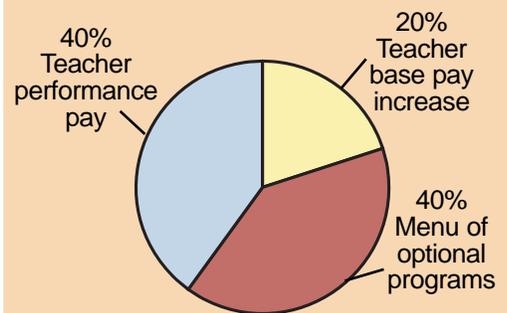
In November 2000, voters passed Proposition 301, which increased the state-wide sales tax to provide additional resources for education programs. For fiscal year 2008, Casa Grande UHSD spent its Proposition 301 monies for purposes authorized by statute. However, the District's performance pay goals did not promote improved performance, and its plan did not specify how much performance pay eligible employees could earn. The District also paid some employees incorrect amounts of Proposition 301 monies.

Background

In approving Proposition 301, voters increased the state-wide sales tax by six-tenths of 1 percent for 20 years. Under statute, after allocations for ten state-wide educational purposes, such as school facilities revenue bonds and university technology and research initiatives, the remainder of the revenue goes to the Classroom Site Fund for distribution to school districts and charter schools. These monies may be spent only in specific proportions for three main purposes: teacher base pay increases, teacher performance pay, and certain menu options, such as reducing class size, providing dropout prevention programs, and making additional increases in teacher pay.

In fiscal year 2002, the first year Proposition 301 monies were available, the District increased both its classified and certified salary schedules. The District chose to use only Proposition 301 monies to increase its certified salary schedule and other monies to increase its classified salary schedule.

Required apportionment of Proposition 301 monies



- AIMS intervention programs
- Class size reduction
- Dropout prevention programs
- Teacher compensation increases
- Teacher development
- Teacher liability insurance premiums

Eligible employees could earn up to \$7,788:

Base pay	\$1,542
Performance pay	\$3,116
Menu option pay	\$3,130

During fiscal year 2008, Casa Grande UHSD received a total of \$1,839,164 in Proposition 301 monies and distributed \$1,866,428 to employees. The additional monies were from prior year allocations of Proposition 301 monies that, when not spent, remain in the Classroom Site Fund for future years. During fiscal year 2008, the District paid Proposition 301 monies to teachers, counselors, a librarian, and an instructional coach, with each eligible employee earning up to \$7,788 in Proposition 301 monies.

The District spent its fiscal year 2008 Proposition 301 monies as follows:

Base pay—Each eligible full-time employee received a base pay increase of \$1,542, plus related benefits. These increases were incorporated into the District’s salary schedule and paid throughout the year in employees’ regular paychecks.

Performance pay—Each eligible full-time employee meeting all performance pay requirements received \$3,116, plus related benefits. Performance pay was based on meeting the following goals:

- **Teacher Responsibilities (50 percent of performance pay)**—To earn these monies, each eligible employee had to receive a satisfactory performance evaluation. Monies related to this portion were paid in May 2008.
- **Student Achievement (35 percent of performance pay)**—To earn these monies, each eligible employee had to create a plan to increase his or her students’ achievement. Eligible employees were required to write a question that they would like to answer about student learning or their teaching, and what information they would need and steps they would take to answer their question. Employees received monies for this goal for completing their plan, but did not have to actually implement the plan. Monies related to this portion were paid in December 2007.
- **Student AIMS Achievement (15 percent of performance pay)**—Employees received these monies if there was a decrease from spring 2007 to fall 2007 in the percentage of students in the “Falls Far Below” (FFB) category on the AIMS test. The District allocated 5 percent of these monies for each of the three test categories—reading, writing, and math. Monies related to student AIMS achievement were paid in January 2008.

Menu option monies—Statute allows school districts to choose among six different options for allocating the menu option monies, including:

- AIMS intervention programs
- Class size reduction
- Dropout prevention programs
- Teacher compensation increases

- Teacher development
- Teacher liability insurance premiums

The District chose to use its menu option monies for teacher compensation increases with each eligible employee receiving a salary increase of \$3,130, plus related benefits. Similar to the base pay increases, menu option monies were incorporated into the District's salary schedule and paid throughout the year in employees' regular paychecks.

District's Proposition 301 plan was incomplete

A committee of seven teachers developed the District's Proposition 301 plan, which the Governing Board approved. While the plan specified eligible employees and performance goals, it did not identify the amount or a range of amounts each eligible employee could earn. According to Attorney General Opinion 184-034, all compensation provided to teachers should be agreed to before services are performed. Therefore, the amount or a range of amounts each eligible employee could earn should have been included in teachers' contracts or the District's Proposition 301 plan. Failure to do so can lead to a violation of the State Constitution's prohibition on gifts of public monies. Further, to help ensure that performance pay goals promote improved job performance, the District should clearly identify the potential performance pay employees can earn.

District did not follow its Proposition 301 plan

Casa Grande UHSD did not always follow its Proposition 301 plan. Specifically, the District paid teachers at two schools for goals not met and paid incorrect amounts to at least 15 employees.

Some teachers were paid for goals not met—Employees at both Casa Verde High School and Desert Winds High School received monies related to the Student AIMS achievement performance goal in math even though this goal was not met. The District's performance pay plan states that, for each section of the AIMS test, the percentage of students in the FFB category must decrease from spring 2007 to fall 2007. However, both Casa Verde High School and Desert Winds High School saw an increase in the percentage of students in the FFB category for the math portion of the AIMS test. Desert Winds High School's percentage increased from 52 percent in the spring to almost 55 percent in the fall. At Casa Verde High School, the percentage rose from 12 percent to over 18 percent. These incorrect payments totaled \$4,961, or \$150 per employee.

Incorrect amounts were paid to at least 15 employees—Casa Grande UHSD did not always pay employees the proper amount of Proposition 301 monies. In scanning payroll records, auditors determined that at least 13 employees were overpaid between \$11 and \$4,281 each, and at least 2 employees were underpaid. One employee was underpaid by \$610, and the other was underpaid by \$947. These underpayments were because the District inappropriately docked the employees' performance pay because of absenteeism. However, there was not a performance goal associated with attendance.

Goals did not promote improved performance

While the District spent Classroom Site Fund monies for purposes authorized by statute, the majority of performance pay was awarded based on activities that were already expected of employees. Specifically, half of the performance pay (\$1,558) was awarded to teachers for receiving satisfactory performance evaluations, meaning that they were not placed on corrective action plans. Instead of promoting improved performance, this goal required the bare minimum of teachers. Further, district employees receive an evaluation only every 3 years after receiving a satisfactory evaluation. Therefore, most of the teachers receiving these monies did not even receive an evaluation for the 2009 school year.

Thirty-five percent (\$1,091) of performance pay was paid to teachers who created a plan to increase his or her students' achievement. Auditors reviewed a sample of these plans and determined that most plans called for actions that were within the normal scope of the employees' responsibilities. For example, one teacher's question related to what students already knew about the topic that she planned to teach them. She gave them a pretest, lectured and facilitated group discussions about the topic, and then assessed the students. Additionally, employees received the monies for simply filling out the plans and did not have to actually implement them. Further, these plans were not formally evaluated by an administrator.

The last 15 percent of performance pay (\$467) was paid to all teachers at a school if the school was able to decrease the amount of students in the FFB category on the AIMS test. Therefore, only one student had to achieve a ranking higher than FFB in the fall for all teachers at the school to receive these performance monies. Additionally, all teachers at the school received these monies, even if they did not teach the students in the comparison. Further, at one of the schools, there were no students in the FFB category on the writing portion of the test in the spring, so the goal of decreasing the percentage of students in the FFB category could not technically be met.

Recommendations

1. The District's Proposition 301 plan should specify the amount or a range of amounts of performance pay each eligible employee can earn if performance criteria are met.
2. The District should ensure that it pays eligible employees' base, performance, and menu options pay in accordance with its Governing Board-approved plan.
3. The District should seek legal counsel to determine whether overpayments made to employees should be recovered.
4. To promote improved performance, the District should establish meaningful performance goals for activities or achievements that the District does not already require.

CHAPTER 5

Classroom dollars

Casa Grande UHSD did not accurately report its costs in fiscal year 2008. After correcting errors, auditors determined that the District's 2008 classroom dollar percentage was 52.8 percent, 3.6 percentage points lower than the District reported. Although this percentage is far below the comparable districts' average of 58.1 percent and both the state and national averages, the District managed to spend a similar number of dollars per pupil in the classroom. The District was able to do this because it received more funding per pupil than the comparable districts, on average. This additional funding came primarily from state transportation aid, a maintenance and operations override, and federal programs. However, the District's override vote failed in November 2008, making it even more important for the District to review its noninstructional spending.

Casa Grande UHSD did not accurately report costs, and its classroom dollar percentage was below state and national averages

Casa Grande UHSD did not consistently classify its fiscal year 2008 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, including both instructional and nonclassroom expenditures. For example:

- Approximately \$750,000 of payroll expenditures for positions such as counselors, secretaries, department chairs, and curriculum committees were misclassified as instruction. Instead, these costs should have been classified as student support services, administration, or instructional support services based on the nature of the positions' responsibilities.
- Approximately \$318,000 of noncapital purchases were misclassified as the purchase of equipment or other capital items. Examples include student

transportation services, repair and maintenance services, and items purchased that are were not for long-term use.

- Approximately \$136,000 of payroll expenditures for secretaries, information technology staff, and teacher mentoring were misclassified as student support services. Instead, these costs should have been classified as administration or instructional support services based on the nature of the positions' responsibilities.

These and other errors totaled approximately \$1.7 million. Correcting these errors decreased the District's reported instructional expenditures by about \$826,000, or 3.6 percentage points. As shown in Table 5 below, the District's corrected classroom dollar percentage of 52.8 percent is significantly lower than the comparable districts', State's, and national averages. If the District had spent its resources in the classroom at the same rate as its comparable districts, it could have spent almost \$1.5 million, or \$421 per pupil, more in the classroom.

Table 5: Comparison of Expenditure Percentages and Per-Pupil Expenditures by Function
Fiscal Year 2008
(Unaudited)

	Casa Grande UHSD		Comparable Districts' Average ¹		State Average 2008		National Average 2006	
	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures	Percent	Per-Pupil Expenditures
Total spending per pupil		\$7,955		\$7,333		\$7,813		\$9,155
Classroom dollars	52.8%	\$4,198	58.1%	\$4,257	57.3%	\$4,480	61.0%	\$5,583
Nonclassroom dollars								
Administration	11.0	879	10.2	751	9.2	720	10.8	991
Plant operations	12.1	960	12.5	920	11.3	881	9.9	902
Food service	4.0	319	4.1	298	4.8	373	3.8	352
Transportation	9.7	775	5.6	407	4.4	346	4.2	384
Student support	7.9	626	5.8	427	7.4	577	5.2	476
Instructional support	2.0	156	3.6	269	5.4	425	4.9	446
Other	0.5	42	0.1	4	0.2	11	0.2	21

¹ This comparable district average includes the following five districts: Blue Ridge USD, Buckeye UHSD, Chino Valley USD, Colorado River UHSD, and Fountain Hills USD.

Source: Auditor General staff analysis of fiscal year 2008 school district Annual Financial Reports provided by the Arizona Department of Education, summary accounting data provided by individual school districts, and National Center of Education Statistics' data from the *Digest of Education Statistics 2007*.

The District spent more per student than comparable districts

As shown in Table 5 above, Casa Grande UHSD spent \$7,955 per student in fiscal year 2008, \$622 per student more than the comparable districts', on average. The

District was able to spend more in total because it received more funding than the comparable districts. This additional funding came primarily from state transportation aid, a voter-approved maintenance and operations override, and federal programs.

- **Transportation funding**—Casa Grande UHSD received \$242 more per pupil in transportation funding than the comparable districts because it reported more miles. The state transportation funding formula is based largely on district-reported miles, with more miles resulting in higher funding.
- **Maintenance and operations override**—Three of the five comparable districts had maintenance and operations overrides in fiscal year 2008. Casa Grande UHSD received \$212 more per pupil from its override than the comparable districts received, on average. However, the District's override vote failed in November 2008 so it may no longer have these additional monies to spend in future years.
- **Federal programs**—Casa Grande UHSD received more federal monies than the comparable districts, enabling it to spend \$198 more per pupil from federal grants than the comparable districts. A large portion of these additional expenditures occurred in the federal Title I program. Programs such as federal Title 1 grants distribute the majority of monies based on the number of students living at or below the poverty level, and Casa Grande UHSD had more than twice the number of students living at or below the poverty level than the comparable districts averaged. Additionally, Casa Grande UHSD received approximately \$55,400 in Title I monies because the District was in its second year of the school improvement process and one of its schools was in the first year of the process.

Recommendations

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
2. The District should review its noninstructional spending, especially its administration, plant operations, and transportation spending, to determine if savings can be achieved and some of these monies can be redirected to the classroom.

CHAPTER 6

English Language Learner programs, costs, and funding

In fiscal year 2008, Casa Grande Union High School District identified approximately 6 percent of its students as English language learners and provided instruction for them in Structured English Immersion (SEI) and Compensatory Instruction (CI) programs. However, the District was not in compliance with state requirements because it tested some, but not all, of its students with primary home languages other than English, did not provide English language development instruction to all ELL students, and did not ensure that student test data was accurate.

Background

English Language Learners are students whose native language is not English and who are not currently able to perform ordinary classroom work in English. ELL students are identified through a state-adopted language proficiency test. School districts and charter schools are required to administer this test to students if the primary language spoken in the student's home is other than English, and then retest annually those students identified as ELL. School districts must then report the test results to the Arizona Department of Education (ADE).

By reporting their numbers of ELL students, districts are eligible for additional monies for ELL programs through the State's school funding formula and the federal Title III program. In addition, school districts may submit budget requests to the ADE for monies to implement SEI and CI programs.

Types of ELL programs in Arizona

During fiscal year 2008, school districts and charter schools offered ELL programs that are described in statute as Structured or Sheltered English Immersion, Bilingual, and Mainstream.¹

- Structured English Immersion, or Sheltered English Immersion, is an English language acquisition process providing nearly all classroom instruction in English, but using a curriculum designed for children who are learning the language. Statutes establish a mechanism for funding SEI instruction.
- Bilingual education/native language instruction is a language acquisition process providing most or all of the instruction, textbooks, and teaching materials in the child's native language. Many bilingual programs were eliminated after Proposition 203 was approved in November 2000.² However, some districts still maintain these programs for parents who sign waivers to formally request that their child be placed in a bilingual program.
- Mainstream involves placing ELL students in regular classrooms along with English-fluent students when the student is close to becoming English proficient or when there are not enough ELL students to create a separate SEI class. Generally, ELL students in mainstream classrooms receive the same instruction as English-fluent students, but receive additional support, such as small group lessons or assistance from an instructional aide.

Levels of English Language Proficiency:

Pre-emergent—Student does not understand enough language to perform in English.

Emergent—Student understands and can speak a few isolated English words.

Basic—Student may understand slower speech, and speak, read, and write simple words and phrases, but often makes mistakes.

Intermediate—Student can understand familiar topics and is somewhat fluent in English, but has difficulty with academic conversations.

Proficient—Student can read and understand texts and conversations at a normal speed, and can speak and write fluently with minor errors.

Source: Arizona Department of Education.

Besides providing these ELL programs, districts can augment this instruction with CI programs. CI programs are in addition to normal classroom instruction and are limited to improving the English proficiency of current ELL students and those who have been reclassified as fluent English proficient within the previous 2 years. These

¹ These programs are described in A.R.S. §15-751.

² In November 2000, voters passed Proposition 203, requiring that schools use English to teach English acquisition and that all students be placed in English classrooms. The new law required that schools use SEI programs and eliminate bilingual programs unless approved by parents with signed waivers.

programs may include individual or small group instruction, extended-day classes, summer school, or intersession school.

District's ELL program

In fiscal year 2008, Casa Grande UHSD identified 219 students, or about 6 percent of its total student population, as English language learners. The District offered language instruction for ELL students in SEI classrooms and in before- and after-school CI programs.

District provided SEI instruction, but was not in compliance with state requirements—In fiscal year 2008, the District served many of its ELL students through its SEI program. These students attended separate English language development (ELD) classes for anywhere from 1 hour to all day, depending on their needs. Casa Grande High School had three full-time teachers who taught ELD classes all day, and Desert Winds High School had one part-time teacher. The few ELL students attending Casa Verde High School, the District's charter school, were all at the intermediate proficiency level and therefore were mainstreamed with Individual Language Learner Plans.

The District's ELL program for fiscal year 2008 was not in compliance with state requirements. Specifically,

- **District did not test all students with priority home languages other than English (PHLOTE)**—State law requires that districts administer an English proficiency test to all students with a primary home language other than English. In January 2008, district officials discovered that many of its PHLOTE students had not been administered the AZELLA test, and therefore, any potential ELL students were not identified or placed in ELD classes. In order to correct the problem, the District conducted multiple rounds of AZELLA testing in spring 2008.
- **District did not provide required ELD instruction to all ELL students**—In addition to not testing all required students, the District did not provide all of its ELL students with ELD instruction. Some ELL students did not receive any ELD instruction in fiscal year 2008. Other students attended ELD classes for anywhere from 1 hour to all day. Beginning in fiscal year 2009, statute now requires districts to provide ELL students with 4 hours of ELD each day.
- **District's test data was not accurate**—Auditors reviewed 30 student files and found eight instances of students with two different test scores for the same testing date. This inaccurate tracking could lead to an error in student placement or an error in funding because most of a district's ELL funding is based on its number of students identified as ELL. ADE placed the District on

a corrective action plan in fiscal year 2007 for not keeping accurate student files for the federal Title III program.

The District was making changes to its ELL program during fiscal year 2009. However, it needs to implement processes to ensure that it is meeting all state and federal requirements.

District provided CI classes—In fiscal year 2008, the District offered before- and after-school ELD instruction for about 40 ELL students. At Casa Grande High School, CI classes were offered to students four days a week after school for 2 ½ hours. At the District’s evening school, Desert Winds, CI classes were offered two days a week before school for 1 hour. Seven teachers were involved in the CI classes, and they were responsible for developing a curriculum for each participating student based on the student’s AZELLA score and Written Individualized Compensatory Instruction Plan.

District received adequate funding to cover its ELL program costs—In fiscal year 2008, the District had a total of \$101,200 of ELL-related monies available to spend, or \$462 per ELL student. Casa Grande UHSD received \$84,200 in ELL-related funding in fiscal year 2008, including \$63,100 in state aid known as ELL Group B-weight monies and \$21,100 in federal Title III monies. Additionally, the District had \$17,000 in unspent state ELL grant money from prior years.

During this same year, the District spent about \$92,400 on its ELL program, or \$421 per ELL student. In addition to costs related to its SEI and CI programs, the District also spent its monies on salaries and benefits for two ELL clerks, stipends for two employees who shared the duties of the ELL coordinator position, and teacher SEI trainings.

Recommendations

1. The District should ensure that all students with primary home languages other than English are tested, that testing data is accurate, and that all ELL students receive ELD instruction.
2. The District should ensure that its English language development instruction is fully aligned with the models adopted by the ELL Task Force in September 2007.

APPENDIX

Methodology

In conducting this audit, auditors used a variety of methods, including examining various records, such as available fiscal year 2008 summary accounting data for all districts and the Casa Grande Union High School District's fiscal year 2008 detailed accounting data, contracts, and other district documents; reviewing district policies, procedures, and related internal controls; reviewing applicable statutes; and interviewing district administrators and staff.

To develop comparative data for use in analyzing the District's performance, auditors selected a group of comparable districts. Using average daily membership counts and number of schools information obtained from the Arizona Department of Education, auditors selected the comparable districts based primarily on having a similar number of students and schools as Casa Grande Union High School District, and secondarily on district type, location, classroom dollar percentage, and other factors. Additionally:

- To assess whether the District's administration effectively and efficiently managed district operations, auditors evaluated administrative procedures and controls at the district and school level, including reviewing personnel files and other pertinent documents and interviewing district and school administrators about their duties. Auditors also reviewed and evaluated fiscal year 2008 administration costs and compared these to similar districts'.
- To assess whether the District's transportation program was managed appropriately and functioned efficiently, auditors reviewed and evaluated required transportation reports, driver files, bus maintenance and safety records, and bus capacity. Auditors also reviewed fiscal year 2008 transportation costs and compared them to similar districts'.
- To assess whether the District's plant operation and maintenance function was managed appropriately and functioned efficiently, auditors reviewed and evaluated fiscal year 2008 plant operation and maintenance costs and district building space, and compared these costs and capacities to similar districts'.

- To assess whether the District was in compliance with Proposition 301's Classroom Site Fund requirements, auditors reviewed fiscal year 2008 expenditures to determine whether they were appropriate, properly accounted for, and remained within statutory limits. Auditors also reviewed the District's performance pay plan and analyzed how performance pay was being distributed.
- To assess the accuracy of the District's classroom dollars and other expenditures, auditors evaluated internal controls related to expenditure processing and tested the accuracy of fiscal year 2008 expenditures.
- To assess the District's compliance with ELL program and accounting requirements, auditors examined the District's testing records for students who had a primary home language other than English, interviewed district personnel about the District's ELL programs, and evaluated the District's ELL-related budgets, revenues, and costs.

DISTRICT RESPONSE



CASA GRANDE UNION HIGH SCHOOL DISTRICT

NANCY M. PIFER
SUPERINTENDENT

EDNA MORRIS
ASSISTANT SUPERINTENDENT

SHANNON HILYER
DIRECTOR OF
SUPPORT SERVICES

LORIE GERKEY
DIRECTOR OF
STUDENT SERVICES

TO: Auditor General
FROM: Nancy M. Pifer, Superintendent
DATE: November 13, 2009
RE: Performance Audit for Casa Grande UHSD # 82

This district recognizes and values the input of auditors with regard to the efficiency of how the district is run in the areas of administration, student transportation, plant operation and maintenance, Prop 301 monies, classroom dollars, and English language learner programs.

While we maintain that unique differences of this district does not permit a fair comparison to any other district, the variations and comparisons from one district to the next does present a viable tool for discussion about what those differences are and how they impact the expenditure of budget. Our Board values their ability to make decisions which benefit our local students and community. Our Board values student achievement and student safety as a top priority when making decisions for how and where dollars are spent.

Where auditors pointed out non-compliance with the law, we readily corrected those areas. Where auditors found errors in coding, we changed codes. Where auditors found inappropriate practices, we changed them. Where we sometimes differed with the philosophy about where and how we spent our dollars, we presented legitimate reason for why and how those decisions were made. It is our aim to be good stewards of tax dollars by using our resources to directly benefit students.

We welcome the auditor team back in 6 months to note our substantial progress towards full compliance with the Performance Audit recommendations as well as the future opportunity to meet and speak personally with the Legislative Education Committee.

Casa Grande Union High School District #82
Performance Audit Responses
November 12, 2009

Chapter 1: Administration

1. The District should review its administrative positions and the related duties and salaries to determine how administrative costs can be reduced.
Agreed. Current review is completed but consideration is an on-going effort.
2. The District should review its administrative purchased services to determine how these costs can be reduced.
Agreed. Current review is completed but consideration is an on-going effort.
3. The District should discontinue paying for meals for employees who are not on travel status and for nonemployees.
Agreed. We are in now in compliance.
4. The District should enforce its credit card policies by requiring and maintaining supporting documentation for all expenditures and ensuring credit card purchases do not exceed established limits.
Agreed. Credit card policies are now enforced.
5. The District should improve its cash controls by separating cash-handling and recordkeeping responsibilities.
Agreed and done.
6. The District should implement proper access controls over its accounting system so that individual employees do not have the ability to initiate and complete a transaction without independent review and approval.
Agreed. New cash control procedures are now in place.
7. The District should clearly identify any additional compensation in employee contracts prior to the services being rendered.
Agreed. Protocols and procedures have been implemented for additional employee compensation and addendum contracts.

Chapter 2: Student Transportation

1. The District should review the costs associated with its special programs and services and determine whether they are necessary and being provided in the most cost-efficient manner.
Agreed. Consideration is an on-going effort.
2. The District should review its need for bus assistants on regular routes to determine if costs can be reduced.
Agreed. Consideration is an on-going effort.
3. The District should review its billings to ensure that it is being charged according to the agreed upon terms and in the most cost-efficient manner.
Agreed. Review of billings by vendor and District is occurring.
4. To aid in evaluating the costs and efficiency of its transportation program, the District should establish and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.
Agreed. Additional performance measures for costs and efficiency of transportation is occurring.
5. The District should periodically review both driver and bus files to ensure all requirements are met and documented in accordance with *DPS Minimum Standards*.
Agreed. Periodic review of files is occurring.

Chapter 3: Plant Operation and Maintenance

As the District opens its new school, it should review the staffing levels and monitor the costs to determine whether they are appropriate and where savings can be achieved.

Agreed. Review completed for the 2009-10 school year.

Chapter 4: Proposition 301 Monies

1. The District's Proposition 301 Plan should specify the amount or a range of amounts of performance pay each eligible employee can earn if performance criteria are met.
Agreed. It will be looked at for the 2010-11 SY.
2. The District should ensure that it pays eligible employees' base performance and menu options pay in accordance with its Governing Board approved plan.
Agreed.

3. The District should seek legal counsel to determine whether overpayments made to employees should be recovered.
Disagree. We do not believe that would be cost effective for the small amount of dollars involved. Better oversight in the future will keep us from repeating the error.
4. To promote improved performance, the District should establish meaningful performance goals for activities or achievements that the District does not already require.
Agreed. It will be looked at for the 2010-11 SY.

Chapter 5: Classroom Dollars

1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.
Agreed.
2. The District should review its non-instructional spending, especially its administration plant operations and transportation spending to determine if savings can be achieved and some of these monies can be redirected to the classroom.
Agreed. We have in the past and will in the future continually review for redirection of cost savings to students.

Chapter 6: English Language Learner Programs, Costs, and Funding

1. The District should ensure that all students with primary home languages other than English are tested, that testing data is accurate, and that all ELL students receive ELD instruction.
Agreed.
2. The District should ensure that its English Language Development instruction is fully aligned with the models adopted by the ELL Task Force in September 2007.
Agreed. Fully implemented for SY 2009-10 as required by law.