

REPORT HIGHLIGHTS PERFORMANCE AUDIT

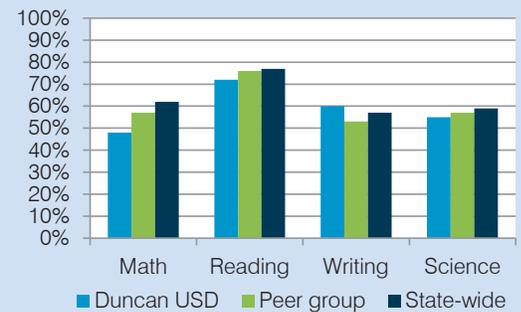
Similar student achievement and efficient operations

Our Conclusion

In fiscal year 2012, Duncan Unified School District's student achievement was similar to peer districts', and the District operated efficiently overall. Although the District's administrative costs per pupil were slightly higher than the peer districts' average, the District has taken steps to reduce its costs by reducing its number of administrative positions. The District's plant operations, food service, and transportation programs were efficient with lower costs per square foot, per meal, and per mile, respectively, than peer districts' averages. However, the District needs to improve its purchasing and computer controls. The District also needs to accurately determine, and report to the Arizona Department of Education, its ridership information to help ensure the District is properly funded and to allow it the ability to calculate and monitor transportation performance measures such as cost per rider and bus capacity utilization. Further, the District should ensure that its inmate worker documentation complies with statute.

Student achievement similar to peer districts'—In fiscal year 2012, Duncan USD's student AIMS scores were similar to peer district averages in reading and science, lower in math, and higher in writing. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received an overall letter grade of D, while most of its peer districts received Bs and Cs. However, the District's 89 percent graduation rate was slightly higher than the peer districts' 83 percent average and much higher than the State's 77 percent average.

Percentage of students who met or exceeded state standards (AIMS)
Fiscal year 2012



District operated efficiently overall—In fiscal year 2012, Duncan USD operated efficiently overall with lower per pupil costs or other costs, such as cost per square foot, cost per meal, and cost per mile, than peer district averages. The District's administrative costs per pupil were slightly higher than peer districts', on average, because it employed slightly more administrative positions, such as principals. However, the District has since reduced the number of administrative positions it employs, thus reducing its administrative costs. The District's food service and transportation programs were reasonably efficient with a slightly lower cost per meal and a lower cost per mile than peer districts', respectively. In addition, the District's plant operations costs per square foot were slightly lower than the peer districts' average, in part, because it used inmate workers to perform maintenance at a very low cost to the District.

Comparison of per pupil expenditures by operational area
Fiscal year 2012

	Duncan USD	Peer group average
Administration	\$1,597	\$1,487
Plant operations	1,379	1,438
Food service	391	454
Transportation	626	510

District lacked sufficient purchasing and computer controls

Some purchases lacked proper approval—The District had an increased risk of errors and fraud because it did not always require proper approval prior to purchases being made. We reviewed 30 fiscal year 2012 accounts payable transactions and found that 5 transactions were for purchases made without prior approval. No inappropriate transactions were detected in the items we reviewed. However, preparing purchase orders and having an authorized employee approve them prior to making a purchase would help the District ensure that it has adequate budget capacity and that expenditures are appropriate and properly supported.



2014

Inadequate computer controls—The District lacks adequate controls over user access to its computer systems and network. More specifically, four of the District's seven accounting system users have more access to the accounting system than they need to perform their job duties. Additionally, the District allows accounting system and student information system passwords to be short and does not require passwords to contain numbers or symbols. Also, the District did not sufficiently protect its computer servers. The District's servers are located in areas that are accessible to noninformation technology staff, such as a student computer lab. The broad access to the servers creates the risk of network interruption due to intentional or accidental equipment damage. Further, the District lacks a written, up-to-date, and tested disaster recovery plan, which would help ensure continuous accessibility to sensitive and critical data in the event of a system or equipment failure or interruption.

Recommendations

The District should:

- Ensure all purchases have proper approval.
- Modify employee access to its accounting system to ensure that an employee cannot initiate and complete a transaction without independent review and approval.
- Implement and enforce stronger password controls.
- Limit physical access to its computer server rooms.
- Create a formal disaster recovery plan and test it periodically.

District misreported number of riders for transportation funding

In fiscal year 2012, Duncan USD incorrectly reported its ridership to the Arizona Department of Education by reporting the number of students eligible for transportation rather than the number of students actually transported as required by Arizona Revised Statutes (A.R.S.) §15-922. Although the District's inaccurate reporting in fiscal year 2012 did not affect its transportation funding, the District should ensure it is meeting state reporting requirements by reporting the actual number of students transported. Further, not monitoring rider counts hinders the District's ability to calculate and use rider-based performance measures, such as cost per rider and bus capacity utilization, to evaluate its routes and program efficiency and make informed program decisions.

Recommendation

The District should determine, and report to the Arizona Department of Education, the actual number of students transported.

District needs to improve its inmate worker documentation

Duncan USD uses Arizona Department of Corrections inmates to perform maintenance and custodial work. Although the District appears to properly supervise inmate workers, it has not complied with all statutory requirements or its own policies regarding the use of inmate workers on its premises. Specifically, A.R.S. §15-512.H requires all contractors, subcontractors, and vendors to obtain a valid fingerprint clearance card, except that districts may adopt a policy to exempt individuals who, as part of their normal job duties, are not likely to have independent access to, or unsupervised contact with, students. Duncan USD has adopted such a policy, which requires the superintendent to determine, in writing, when such an exemption should be provided. However, the District has not identified inmate workers as persons eligible for exemption.

Recommendation

To comply with statute and its own policy, the District needs to identify in writing inmate workers as persons eligible for exemption from the fingerprint clearance card requirements.