

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Our Conclusion

J.O. Combs Unified School District's student achievement is similar to peer districts' and state averages, and the District generally operates efficiently. The District's plant operation costs were much lower than peer districts' because it operated less square footage per pupil, and its food service costs were significantly lower because of proper district oversight. However, the District needs to address two main areas of concern: (1) the District did not adequately document bus maintenance and repairs; and (2) the District had inadequate controls over payroll, purchasing, and its computerized accounting system, which exposed the District to increased risk of errors and fraud.

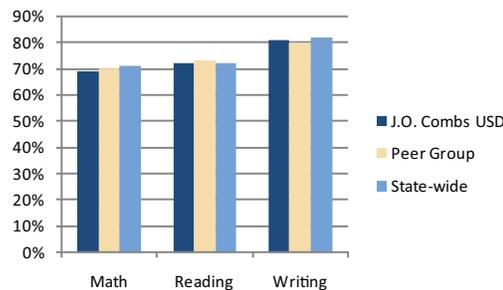


2010

Average student achievement and generally efficient operations

Student achievement similar to peer districts'—In fiscal year 2009, J.O. Combs USD's student AIMS scores were similar to the peer districts' and state averages. Further, all five of the District's schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act (NCLB).

Percentage of Students who Met or Exceeded State Standards (AIMS)
Fiscal Year 2009



District operates efficiently with lower or similar costs—The District's administration, plant operations, and food service costs were similar to or lower than those of peer districts. However, because of higher student transportation costs and because it spent less per pupil overall, the District spent only \$3,634 per pupil in the classroom, 14 percent less than peer districts averaged.

Expenditures by Function
Fiscal Year 2009

Per Pupil	J.O. Combs USD	Peer Group Average
Administration	\$786	\$746
Plant operations	729	935
Food service	275	355
Transportation	378	355

High transportation costs reflect District's growth and geographic size, but some improvements needed

In fiscal year 2009, J.O. Combs USD's student transportation costs per mile were 32 percent higher than peer districts' costs.

Transportation Cost Per Mile
Fiscal Year 2009

J.O. Combs USD	\$3.95
Peer Group Average	\$3.00

As a result, the District had to subsidize its transportation program with more than \$825,000 that could otherwise have potentially been spent in the classroom. Several factors outside the District's control contributed to these high costs, including the District's rapid growth, geographic size,

and transportation of more special needs students.

Transportation performance measures would help manage the program—To its credit, the District has done some things to control costs, such as establishing a work schedule system to limit drivers' hours and using part-time drivers to help reduce overtime. However, the District has not established and monitored performance measures for the program, such as cost per mile, cost per rider, and bus capacity usage. Calculating and monitoring such measures can help identify areas for improvement.

District did not adequately document preventative maintenance and repairs—State standards require that districts demonstrate that their buses receive systematic preventative maintenance. However, the District does not have documentation that preventative maintenance was done. In addition, the District is not adequately documenting repairs made to its buses.

Recommendations—The District should:

- Review routes to determine if it can increase efficiency and lower costs.
- Develop and monitor performance measures.
- Ensure that bus maintenance and repairs are conducted and documented.

Proper district oversight keeps food service costs low

In fiscal year 2009, J.O. Combs USD received over \$1.14 million in food service revenues and spent about \$977,000 to operate its program. The District's \$1.95 cost per meal is one of the lowest in the State and was 26 percent lower than the peer group's average of \$2.62.

The District keeps costs low by:

- Using performance measures to evaluate staffing.
- Reviewing inventory weekly.
- Using daily production sheets to determine the amount of food to order and prepare.

Inadequate controls increased risk of errors and fraud

The District failed to maintain adequate controls over its payroll and purchasing processes. Such controls reduce the risk that an individual could process false payments or make an error. Examples of the District's control deficiencies include:

- One district employee, with little or no supervision, was able to modify pay rates, enter and modify time sheets, record payroll expenditures, and distribute paychecks.
- Inadequate documentation showing that additional pay was approved.
- Inadequate documentation showing that some purchases received prior approval.

not establish proper user access controls to protect the integrity of its computerized accounting system. For example, four employees each had the ability, without further approval, to add new vendors and create and approve purchase orders. Three of these employees also had the ability to add new employees, change employee pay rates, and process payroll.

Recommendations—The District should:

- Implement proper controls over its payroll and purchasing processes.
- Limit employees' access to its computerized accounting system.

In addition to the control deficiencies, the District did

District needs to develop and document IT policies and procedures

With the District's rapid expansion, information technology policies and procedures have not kept up. In order to ensure appropriate computer use and security, policies and procedures should cover such areas as data access, privacy and security, and disaster recovery.

Recommendation—The District should develop, document, and implement IT policies and procedures.