



REPORT HIGHLIGHTS PERFORMANCE AUDIT

Slightly higher student achievement and mixed operational efficiencies

Our Conclusion

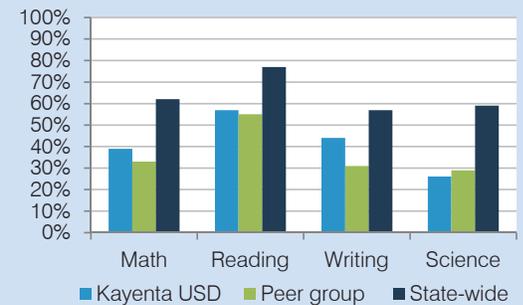
In fiscal year 2012, Kayenta Unified School District's student achievement was slightly higher than peer districts', and the District's efficiency in noninstructional areas was mixed, with some costs higher and some lower than peer districts', on average. The District's per pupil administrative costs were similar to peer districts', on average, but the District needs to strengthen controls over its computer network and systems. The District's plant operations costs were much higher partly because it provided employee housing and had some unique facilities that other districts typically do not have. However, the District also had excess space at its schools. To its credit, the District has taken steps to reduce some of this excess space, but more needs to be done. The District's food service program operated efficiently with a much lower cost per meal than peer districts averaged, and although the District's transportation costs were higher, the long bus route times limit the ability to reduce these costs. Finally, the District did not ensure that bus preventative maintenance was systematically performed.



2015

Student achievement slightly higher than peer districts'—In fiscal year 2012, Kayenta USD's student AIMS scores were similar to, or higher than, the peer districts' averages in the four areas tested. Further, under the Arizona Department of Education's A-F Letter Grade Accountability System, Kayenta USD received an overall letter grade of C for fiscal year 2012. Six of the peer districts received D letter grades, three received Cs, and one received a B. The District's 81 percent graduation rate was higher than the peer districts' 69 percent average and similar to the State's 77 percent average.

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



Operational efficiencies mixed—In fiscal year 2012, Kayenta USD's operational efficiency in noninstructional areas was mixed, with some costs higher and some lower than peer districts', on average. The District had similar administrative costs and operated an efficient food service program. Further, although the District's transportation costs were higher than peer districts', the long bus route times limit the ability to reduce these costs. However, the District's per pupil plant operations costs were also higher, partly because the District maintained a large amount of excess building space.

Comparison of per pupil expenditures by operational area
Fiscal year 2012

	Kayenta USD	Peer group average
Administration	\$1,157	\$1,201
Plant operations	2,063	1,397
Food service	487	439
Transportation	959	641

Inadequate computer controls increased risk of errors and fraud

In fiscal year 2012, Kayenta USD lacked adequate controls over its computer network and systems. More specifically, the District had an increased risk of unauthorized access to its network and critical systems because it had weak password requirements, generic accounts, broad access to its accounting system, and inadequate procedures for removing employee access. Additionally, the District did not have a process to limit or monitor installation of unauthorized software by employees and lacked a disaster recovery plan, which could result in interrupted operations or loss of data.

Recommendations

The District should:

- Implement stronger password requirements and eliminate or minimize generic accounts.

- Limit employees' access to only those accounting system functions needed to perform their job responsibilities and implement a process to remove employee access upon termination of employment.
- Develop a process to monitor computers for the installation of unauthorized software.
- Create a formal disaster recovery plan and test it periodically.

District has been working to address its high plant operations costs

In fiscal year 2012, Kayenta USD's plant operations cost per square foot was 18 percent lower than peer districts', on average, but its cost per pupil was 48 percent higher. As a result, the District spent more of its available operating dollars for plant operations, leaving it less money available to spend in the classroom. Kayenta USD's per pupil costs were higher partly because it provided employee housing and had some unique facilities that other districts typically do not have. However, the District also had excess space at its schools, which was likely not needed because all of the District's schools operated far below their designed capacities. In fact, although the District's schools have a total capacity of 3,586 students, the District's attending student population has remained between 1,955 and 2,503 students from fiscal years 2001 through 2012. Had the District maintained a similar amount of school building square footage per student as the peer districts, it could have saved almost \$618,000, monies that otherwise potentially could have been spent in the classroom. To its credit, the District has taken steps to reduce some of this excess space in an effort to decrease its plant operations costs. However, the District should continue to review its use of space and determine ways to reduce identified excess space.

Percentage of capacity used by school Fiscal year 2012

Kayenta Elementary	60%
Kayenta Middle	70
Monument Valley High	44

Recommendation

The District should continue to look for ways to reduce identified excess space and the costs associated with it at each of its schools.

Efficient practices kept food service costs low

In fiscal year 2012, Kayenta USD's food service program operated efficiently with a cost per meal that was 20 percent lower than the peer districts' average. By maintaining a low cost per meal, the District was able to use its food-service-generated monies to cover all of its program costs and also pay for some indirect program costs, such as electricity. The District achieved its lower cost per meal by implementing several effective techniques and practices for controlling costs, such as employing fewer staff, fully using commodities, employing effective purchasing practices, and limiting waste.

District lacked adequate procedures to maintain its buses

We reviewed maintenance files for 10 of the District's 42 buses and found that 9 of the 10 buses exceeded the District's 7,000-mile preventative maintenance schedule at some point during fiscal years 2012 or 2013. These lapses ranged from 722 miles to over 7,000 miles.

Recommendation

The District should ensure that bus preventative maintenance is conducted in a systematic and timely manner in accordance with district policy and the State's *Minimum Standards for School Buses and School Bus Drivers*.