

**REPORT  
HIGHLIGHTS  
PERFORMANCE AUDIT**

**Our Conclusion**

Madison ESD has many academic accomplishments, and its student achievement is higher than comparable districts', but it could operate more efficiently. The District's administrative costs were 20 percent higher primarily because of higher administrative staffing levels; its student transportation costs were higher per mile and per rider because it paid transportation staff for nonproductive time; and its plant operation costs were 34 percent higher per student because its schools operated at only 73 percent of capacity. Despite these higher costs, the District was able to spend \$142 more per student in the classroom than comparable districts because it had more available resources.



2010

**High administrative costs**—The District's administrative costs per pupil were 20 percent higher than the average for comparable districts.

**Administrative Costs Per Pupil  
Fiscal Year 2008**

Madison ESD	\$819
Comparable districts' average	\$685

Madison ESD had more high-level administrators and support staff than comparable districts. Further, these additional positions were primarily in its central office. For example, the District had one more assistant superintendent, one more director position, and more administrative support positions than comparable districts averaged.

**Recommendation**—The District should review its administrative positions to determine how administrative costs can be reduced.

**Inadequate controls over accounting system**—Many of the District's accounting system users had greater access rights to the system than their job duties required. For example, two business office employees had access to the entire accounting system, permitting them to add vendors, create and approve purchases, pay vendors, and modify employee pay rates. In addition, users were not required to change their district-assigned passwords to confidential ones, and the assigned passwords were not complex and could be easily guessed. These weaknesses expose the District to an increased risk of fraud and misuse.

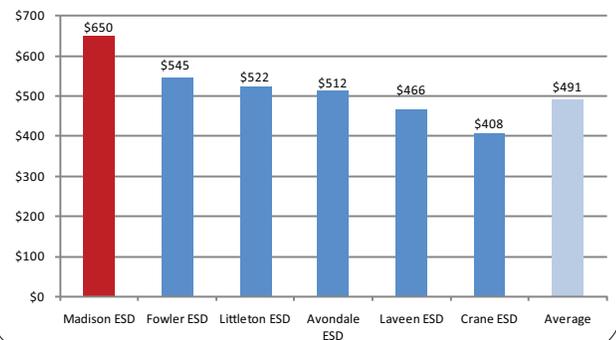
**Recommendation**—The District should develop user-access guidelines and improve password controls over its accounting system.

**Inadequate controls over facility rentals**—Madison ESD rents its facilities to various community groups. However, due to inadequate controls over this process, it failed to charge, undercharged, or failed to document in-kind donations of at least \$42,000 for the use of its facilities.

**Recommendation**—The District should improve procedures over facility rentals to ensure it collects all fees.

**Efficient bus routes, but drivers and aides paid for nonproductive time**—Madison ESD's transportation costs per rider were 32 percent higher and its costs per mile were 10 percent higher than comparable districts' averaged.

**Transportation Costs Per Rider  
Fiscal Year 2008**



The District operated efficient bus routes with buses operating at 79 percent of seat capacity, on average. However, the District spent \$153,000 more on its transportation program than it received in

state transportation aid. One reason for the shortfall was that the District paid bus drivers and bus aides for 2¼ to 2½ hours per day of nonproductive time. Drivers and aides typically clocked in an hour before beginning work and clocked out an hour after finishing work. The District could have saved approximately \$160,000 if it had not paid for such time, enough to cover the shortfall.

**Recommendation**—The District should pay its transportation employees only for time worked.

**District does not ensure current driver certifications**—The District did not have procedures in place to ensure drivers had current certifications required by the Department of Public Safety. As a result, many drivers lacked current drug screenings, physical tests, and refresher driving training.

**Recommendation**—The District should develop a process to ensure bus drivers maintain current certifications.

**High plant costs due to excess building capacity**—Madison ESD's per-pupil plant costs were 34 percent higher than the comparable districts' average primarily because it operates more square feet per student. While Madison spends a similar amount per square foot, many of its buildings operate far below their design capacity.

The District's schools operate at only 73 percent of capacity, on average, leaving it with more square footage per student than all of the comparable districts. One school operated at only 46 percent of design capacity, and the highest operated at about 86 percent of capacity. Further, despite low building utilization, the District began leasing building space for an additional school in fiscal year 2009 at an annual cost of \$525,000. Excluding the leased space, district schools had the capacity to accommodate an additional 1,600 students in fiscal year 2009.

### Capacity Rate by School Fiscal Year 2008

School Name	Capacity Rate
Richard Simis Elementary School	85.6%
Madison #1 Elementary School	84.9
Meadows Elementary School	76.8
Rose Lane Elementary School	73.8
Park Elementary School	73.4
Camelview Elementary School	67.6
Heights Elementary School	45.6
<b>District-wide total</b>	<b>72.5%</b>

**Recommendation**—The District should review square footage usage, determine ways to reduce excess space, and evaluate the necessity of leasing facilities.

**Proposition 301 plan was complete, but some employees paid for goal not met**—Madison ESD distributed \$1,777,609 of Proposition 301 funds to eligible employees. On average, employees earned \$4,287 plus benefits. However, eligible employees at Madison #1 Elementary School received \$380 each in performance pay even though the school did not meet its performance goal of a 90-percent parent satisfaction rating.

**Recommendation**—The District should pay only eligible employees for goals achieved in accordance with its performance pay plan.

**Similar spending in the classroom despite lower classroom dollars percentage**—Although Madison ESD spent a lower percentage of its operating dollars in the classroom, it spent \$142 more per pupil in the classroom than the comparable districts' average because it had more resources available. However, the District could have had even more monies available for instructional purposes had it not spent additional resources on other noninstructional areas such as administration, transportation, and plant operations.