

REPORT HIGHLIGHTS PERFORMANCE AUDIT

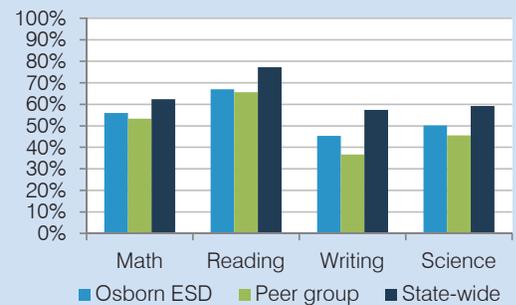
Slightly higher student achievement and mixed operational efficiencies

Our Conclusion

In fiscal year 2012, Osborn Elementary 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 costs lower than peer districts'. The District's administrative cost per pupil was slightly lower than the peer districts' average, and its food service program operated efficiently with a lower cost per meal, on average. However, the District's transportation program operated less efficiently, and although the District made some improvements to the program in fiscal year 2013, better oversight is still needed. Further, the District's plant operations costs were much higher than peer districts', primarily because the District maintained a large amount of excess building space, even after closing a school at the end of fiscal year 2011. Lastly, the District needs to strengthen some of its computer controls.

Student achievement slightly higher than peer districts'—In fiscal year 2012, Osborn ESD's student AIMS scores were similar to, or slightly 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, Osborn ESD received an overall letter grade of B for fiscal year 2012. Three of the peer districts also received B letter grades, while the other five received C letter grades.

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



Operational efficiencies mixed—In fiscal year 2012, Osborn ESD's operational efficiency in noninstructional areas was mixed, with some costs higher and some costs lower than peer districts', on average. The District's administration and food service program operated efficiently at costs that were lower than peer districts', on average. However, the District's plant operations and transportation program were less efficient, with higher costs than peer districts', on average.

year 2012, Osborn ESD's operational

Comparison of per pupil expenditures by operational area
Fiscal year 2012

	Osborn ESD	Peer group average
Administration	\$722	\$796
Plant operations	1,201	811
Food service	464	523
Transportation	351	271

Efficient practices kept food service costs low

In fiscal year 2012, Osborn ESD's food service program operated efficiently with a cost per meal that was 15 percent lower than peer districts', on 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 fully using commodities, effectively planning meals, and monitoring performance measures and staffing.

Transportation efficiency improved, but better oversight still needed

In fiscal year 2012, Osborn ESD's student transportation costs were 6 percent higher per mile and 23 percent higher per rider than peer districts', on average. These higher costs increased the District's need to subsidize its transportation program with more



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than \$350,000 that otherwise potentially could have been spent in the classroom. The District's costs were higher primarily because its bus routes were inefficient, and it did not use performance measures to help it evaluate and monitor its program's efficiency. In fiscal year 2013, the District made some changes to improve its efficiency, but still needs better oversight. For example, although it did not affect its transportation funding, the District overstated its mileage and riders for funding purposes. The District also lacked documentation to demonstrate that it properly maintained its buses and used two unallowable vehicles to transport students to and from school.

Recommendations

The District should:

- Review its bus routes to improve route efficiency.
- Develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.
- Accurately calculate and report miles driven and riders transported.

District has taken action, but more needed to address high plant operations costs

In fiscal year 2012, Osborn ESD's plant operations cost per square foot was 19 percent higher than the peer districts' average, and its cost per pupil was 48 percent higher. The District's costs were higher, in part, because it had more school resource officers and spent more for repair and maintenance. The resource officers were paid using grant monies earmarked for that purpose, and the District's repair and maintenance costs were higher likely because its buildings were older. However, a less justifiable reason for the District's higher plant operations costs was that it maintained a large amount of excess building space. To its credit, in response to its declining enrollment and in an effort to reduce costs, the District closed one of its schools at the end of fiscal year 2011. However, even after closing this school, the District's remaining schools operated at only 63 percent of their designed capacities.

Recommendation

The District should review the use of space at each of its schools and determine ways to further reduce identified excess space.

Some computer controls need strengthening

The District needs to strengthen controls over a few IT areas to reduce the risk of errors, fraud, and misuse of information. Auditors reviewed the District's user access report for ten primary users with access to the accounting system in fiscal year 2012 and identified three employees who had too much access to the system. Additionally, the District's accounting system had four generic accounts not assigned to specific users, making it difficult or impossible to hold anyone accountable if inappropriate activity occurred while using these accounts. Finally, the District needs to strengthen its password requirements for its network, student information system, and accounting system.

Recommendations

The District should:

- Limit employees' access to only those accounting system functions needed to perform their job responsibilities.
- Eliminate generic accounts or establish better controls over them.
- Implement stronger password requirements for its computer network and systems.