

REPORT HIGHLIGHTS
PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2009, Pima Unified School District compared favorably to its peer districts in operational efficiencies, and its student achievement was similar to state and peer districts' averages. The District operated efficiently with significantly lower per-pupil costs in administration, plant operations, and student transportation than its peer districts. These low costs enabled the District to spend a similar amount in the classroom as peer districts despite receiving less funding. However, the District needs to strengthen some administrative practices over its payroll and purchasing processes and needs to improve its transportation program reporting and record keeping.

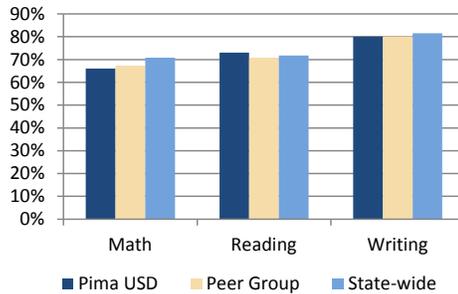


2011

Similar student achievement and most operational costs lower than peers'

Student achievement similar to state and peer averages—In fiscal year 2009, Pima USD's student AIMS scores were similar to those of peer districts' and state averages. The District's 76 percent high school graduation rate was also similar to the peer group and state averages.

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



District operates efficiently with lower costs overall—In fiscal year 2009, Pima USD spent significantly less per student on administration, plant operations, and transportation than its peer districts. These low costs enabled Pima USD to spend a similar amount in the classroom as its peer districts despite its receiving less funding.

The District's \$921 per student administration costs were 15 percent lower than the peer districts' \$1,086 average. These lower costs were primarily because the District employed fewer business office and school secretarial staff.

Pima USD's plant operations cost per student were significantly lower than peer districts—\$851 compared to \$1,287—primarily because it maintained less space per student by using a centralized campus that shares common buildings

such as a library and cafeteria. Although plant operation costs were lower, Pima USD's energy costs were higher than peer districts'. The District has taken steps to reduce energy consumption by replacing some of its heating, ventilating, and air conditioning units with more efficient equipment. However, Pima USD should evaluate its energy usage and implement an energy conservation plan to help reduce energy costs.

Although Pima USD's cost per meal was slightly lower than the peer districts' average, Pima USD spent about \$51,000 to subsidize its food service program. The District has implemented changes to lower costs in the future by reducing staff, changing lunch options, and monitoring production and food inventory.

Finally, although the District's transportation costs per mile and per rider were similar to peer districts, Pima USD spent significantly less per student because its buses traveled fewer miles and transported a smaller percentage of its students.

Expenditures by Function Fiscal Year 2009

Per Pupil	Pima USD	Peer Group Average
Administration	\$921	\$1,086
Plant operations	851	1,287
Food service	484	430
Transportation	242	486

Recommendation—Pima USD should evaluate its energy usage and implement an energy conservation plan to help reduce energy costs.

Inadequate accounting and IT controls increased risk of errors and fraud

Payroll process lacked adequate oversight and documentation—The District should implement a more detailed payroll review process and ensure that all pay is properly documented. Auditors identified four instances where employees' contracts were changed or employees were paid for additional duties without documentation and prior approval. One employee was also overpaid because of a mathematical error.

Inadequate controls over purchasing process—Pima USD had one employee who handled nearly all facets of the purchasing process with little supervisory review. This employee's duties included adding and modifying vendor information, creating purchase orders, receiving the purchases, processing invoices, and receiving and mailing checks. Although the Superintendent reviews a summary of the purchases, this review does not typically include the supporting documentation, such as requisitions and invoices. A more detailed review would help reduce the risk of errors and fraud.

Insufficient password controls—The District has weak controls over its network, student information,

and accounting system passwords. Users are not prompted to change their passwords periodically, and passwords to the network and student information system have a low complexity requirement—that is, passwords can be very short and do not have to contain numbers or symbols.

Inadequate cash controls for sporting events—The District needs to improve procedures over cash collections from sporting events. Tickets are not kept in a secure location, the ticket sales are not compared to the cash collected, and the cash collected is not counted at the time of the event.

Recommendations—Pima USD should:

- Ensure that changes to contracts and payments for additional work are documented, approved, and maintained in employee files.
- Implement a detailed review of payroll and ensure that amounts are correct.
- Establish a more detailed review of purchases.
- Implement stronger password controls.
- Improve cash collection procedures.

Transportation reporting and record keeping need improvement

Miles driven and students transported misreported—In fiscal year 2009, Pima USD over-reported mileage by about 6,100 miles and reported twice as many riders as it actually transported. However, these overstatements did not affect the amount of transportation aid received by the District because the District had reported higher mileage in a prior year and the State's transportation funding formula increases funding for year-to-year increases but does not decrease funding for year-to-year decreases. In fiscal year 2009, Pima USD received transportation funding as if its buses traveled 118,000 route miles, although they actually traveled only about 46,000 miles.

Preventative maintenance and repairs not documented—According to state standards, a school district must be able to demonstrate that its buses receive regular maintenance, such as oil

changes and safety inspections. Following these standards helps ensure that students are safe and can help extend buses' useful lives. Although the maintenance and inspections may have been performed, Pima USD did not maintain documentation supporting these activities prior to the beginning of fiscal year 2010. Without documentation, the District is unable to track the buses' maintenance and repair history or even support that such maintenance and repairs were actually completed.

Recommendations—Pima USD should:

- Accurately calculate and report mileage and riders for funding purposes.
- Correct its transportation funding report.
- Maintain maintenance, inspection, and repair documentation for at least 3 years.