

**REPORT
HIGHLIGHTS**
PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2010, Queen Creek Unified School District's student achievement was similar to peer districts' and much higher than state averages, and it operated efficiently overall with most costs similar to or lower than peer districts'. The District's administrative costs were much lower than peer districts', but controls over its accounting and student information systems should be improved. The District's plant operations costs were similar to peer districts', and its food service program operated efficiently. However, the District's transportation costs were higher than peer districts', which contributed to its subsidizing its program by \$270,000. Further, Queen Creek USD over-reported its fiscal year 2011 route miles, resulting in its being overfunded by \$63,000.



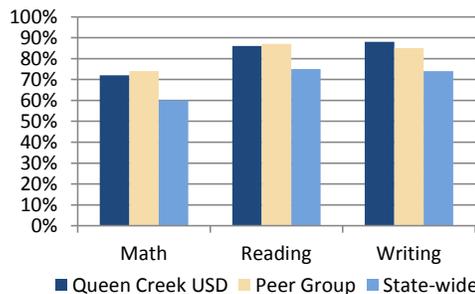
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Similar student achievement and efficient operations overall

Student achievement similar to peer districts'—In fiscal year 2010, Queen Creek USD's student AIMS scores were similar to peer districts' and much higher than state averages. Additionally, six of the District's seven schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and its 92-percent high school graduation rate matched the peer district average, and was much higher than the 78-percent state average.

Percentage of Students Who Met or Exceeded State Standards (AIMS) Fiscal Year 2010



District operated efficiently overall—In fiscal year 2010, Queen Creek USD

operated efficiently overall with similar or lower costs in all operational areas other than transportation. The District's administrative costs were much lower than peer districts', its plant operations costs were similar, and its food service program operated efficiently with a cost per meal that was 9 percent lower than peer districts'. However, the District's transportation costs were higher per pupil and per mile than peer districts' in part because its routes were likely inefficient, which contributed to its need to subsidize the program with \$270,000 that otherwise potentially could have been spent in the classroom.

Per-Pupil Expenditures by Operational Area Fiscal Year 2010

Operational Area	Queen Creek USD	Peer Group Average
Administration	\$566	\$748
Plant operations	821	874
Food service	293	322
Transportation	427	396

Much lower administrative costs, but some improvements needed

At \$566, Queen Creek USD's fiscal year 2010 per-pupil administrative costs were \$182, or 24 percent, lower than peer districts'. The lower costs were primarily the result of the District's employing fewer administrators and paying some positions lower salaries. However, the District needs to strengthen controls over its accounting and student information systems.

Fewer administrative employees and some with lower salaries—Queen Creek USD employed fewer administrative employees. The lower staffing was primarily due to its employing fewer

administrative support positions at school sites, including secretaries and receptionists, and fewer support staff positions in its business office, such as clerks and bookkeepers. Further, the District also employed fewer administrative technology employees to maintain its computer network and information systems. Additionally, Queen Creek USD's superintendent was paid slightly less and its assistant principals were paid much less despite generally having a similar number of years of experience as audited peer districts' administrators.

Computer controls need strengthening—Queen Creek USD needs to improve controls over user access to its accounting and student information systems. Six district employees have more access to the accounting system than is needed to perform their job duties. Although no improper transactions were detected in the items we tested, access beyond that which is necessary to perform job functions exposes the District to an increased risk of fraud and errors. The District also needs to review access to its student information system to help

ensure compliance with federal laws such as the Family Educational Rights and Privacy Act. Fifty-eight employees had access to student health records, while only a few of those employees appeared to need this access.

Recommendation—The District should limit employees' access to only those accounting system functions and student information needed to perform their work.

Improvements needed to lower transportation costs and accurately report information

Compared to peer districts', Queen Creek USD's fiscal year 2010 transportation costs were 6 percent higher per mile and 8 percent higher per pupil. Additionally, the District over-reported its mileage for state funding purposes in fiscal year 2011, resulting in overfunding.

Higher costs led to subsidy—The District's higher transportation costs contributed to its spending \$270,000 more on its transportation program than it received in state transportation funding, meaning the District had to subsidize its transportation program with monies that otherwise potentially could have been spent in the classroom. Its costs were higher primarily because its bus routes were likely inefficient and it did not use performance measures to help it evaluate and monitor the efficiency of its program and proactively identify operational issues. The District did not maintain records supporting the number of bus riders reported for fiscal year 2010, so auditors reviewed bus route efficiency for fiscal year 2011 and found that routes were not efficient. The District's routes filled buses to only 64 percent of bus capacity, on average, and many routes filled buses to less than 50 percent of bus capacity. Districts with efficient bus routes will typically operate routes that fill buses to 75 percent or more of bus capacity. The District had a similar number of students in fiscal years

2010 and 2011, and district officials stated that routes did not change substantially between those years. Therefore, it appears likely that the District's routes were also inefficient in fiscal year 2010 and, as such, may help explain the District's high costs.

Overstated mileage resulted in \$63,000 of overfunding—Queen Creek USD over-reported its fiscal year 2011 route miles by 15,000 miles and was overfunded by \$63,000 in state transportation funding. The District did not maintain detailed records from previous years, so it could not be determined with certainty whether the District was overfunded in prior years also.

Recommendations—The District should:

- Closely review its bus routes to determine if changes can be made to improve efficiency.
- Develop and monitor performance measures such as cost per mile, cost per rider, and bus capacity usage.
- Accurately calculate and report the miles driven for state funding purposes.
- Contact the Arizona Department of Education to correct its transportation funding and expenditure budget.
- Maintain records supporting its reported transportation miles and riders.