

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

Sacaton Elementary School District is located 35 miles south of Phoenix in the Gila River Indian Community. The District has about 527 students. This audit examines the District's administration, food service, student transportation, how it spent Proposition 301 money, and the accuracy of its records on dollars spent in the classroom.

Our Conclusion

The District has high administrative costs. In addition, its food service program is not well managed. The District does a good job operating its student transportation, and Proposition 301 money was spent appropriately. Because of high administrative costs, the District's classroom dollars percentage for FY 2002 was 43.9 percent, 14.3 percent below the state average.



2003

April

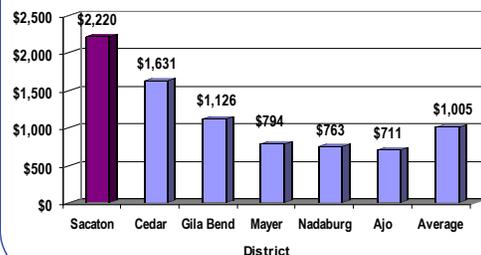
Administrative Costs Are High

Administrative costs are those associated with directing and managing a school district's responsibilities. At the school level, these costs are primarily associated with the principal's office. At the district level, they are primarily associated with the governing board, superintendent's office, business office, and support services.

Sacaton had the highest administrative costs of the reviewed districts. The district had a per-pupil administrative cost of \$2,220 compared to an average of \$1,005 for five similarly sized districts. The significantly higher administrative costs can be attributed to:

- A higher number of administrators
- A higher cost for benefits, purchased services, supplies, and other items

Per-Pupil Administrative Costs
Fiscal Year 2001

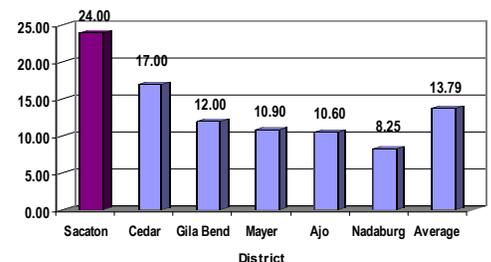


Administrators—Sacaton has 24 administrators, which is 10 more than the average number for the five comparison districts.

Purchased services—Two types of outlays contributed to the high per-pupil



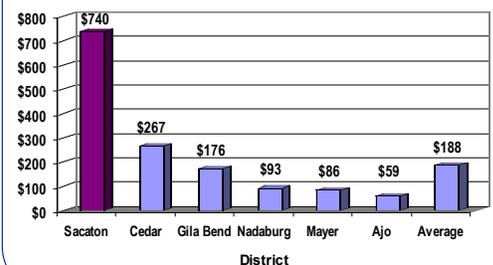
Administrators—Fiscal Year 2002



cost for purchased services, consultants, and travel.

Consultants—The District spent over \$212,000 on three separate contracts for

Per-Pupil Costs for Purchased Services
Fiscal Year 2001



administrative consultants. Consultants were hired to:

- Perform grants management and other administrative services
- Perform curriculum related services
- Assist the business office personnel

The five comparison districts made little or no use of consultants.

Further, as described in their job descriptions, existing staff can perform jobs which these consultants carried out.

The District also needs to do a better job of managing its consultant contracts. For example, the District negotiated a flat fee of 7.5 percent of the grant monies the consultants obtained, which equated to an hourly rate of about \$207 for FY 2002. In addition, the District negotiated a \$75 per-hour rate from this same consultant for general management consulting services. However, another district contracts with this same consultant for similar services, but at an hourly rate of \$62.50. In addition, the District was improperly billed for some services and overpaid the consultant \$30,000.

Travel—During FY 2002, the District spent \$42,629 for administrators and board members to travel to conferences and meetings. This compares to a \$6,626

average annual travel expense for the 93 Arizona school districts with fewer than 1,000 students.

Supplies—The District staff was apparently unaware of, and did not follow, procurement procedures required of school districts. For example:

- The District purchased over \$60,000 in computer equipment from a single vendor without getting competitive sealed bids
- One administrator authorized over \$12,000 in purchases from her daughter's business, which is a potential conflict of interest

Although the District had significantly higher administration costs than comparable districts, it will not soon run out of money. A large part of the District's maintenance and operation funding comes from federal impact aid. Impact aid is meant to assist districts that have lost property tax revenue due to the presence of tax exempt federal land or that have been impacted by the enrollment of children living on federally connected land, such as children living on reservations. This aid is not based on a tax rate that is adjusted annually by the money remaining, as is the revenue for nonreservation districts. Sacaton has been able to accumulate a \$7.2 million unrestricted fund balance—enough funding to operate for 2 years.

Recommendations

The District should:

- Seek to reduce consultant costs by having district staff perform more tasks.
- Better negotiate proposed contracts to obtain more favorable rates.
- Seek to recover the \$30,000 overpayment made to a consultant.
- Seek to reduce travel costs.
- Follow the required procurement procedures.

Food Service

During FY 2002, the District served breakfast, lunch, and a snack to about 180 middle school and 300 elementary school students. Beginning in FY 2003, food is

cooked at the elementary school, and a truck and food carts transport meals for the middle school.

Food service not self-supporting—Sacaton’s food service program cost \$160,000 more to operate than it recovered. If it had not received \$124,624 from the Gila River Indian Community (GRIC) Donation Fund, most of this money would have had to be taken from money that the District could spend in the classroom. As it was, even with the GRIC donation, the District still spent \$6,246 on food services that could have been used for classroom expenditures.

Food service management lacking—The District did not perform basic oversight of the food service program, such as comparing its expenditures to its budgets or calculating its cost per meal. The District also lacked procedures to know whether it received all the food it ordered, how much food it had in inventory, and whether its inventory was being rotated.

The District also did not analyze the cost benefit of several decisions. For example,

the District assumed that centralizing food preparation would lower its costs. However, while the District spent about \$32,000 to buy a truck and insulated carts to transport the food, the food often arrives at the middle school cold and must be reheated.

Food safety procedures needed—The District needs to address sanitation. We observed several deficiencies:

- Food service workers did not have county health cards
- Food storage temperatures exceeded recommended ranges
- Temperatures of prepared food was not monitored
- Food preparation areas were cluttered with half-eaten food, chewed gum, and personal items

To comply with the National School Lunch Program, the District must have a health inspection twice a year. It has not had an inspection for almost 2 years.

Recommendations

The District should:

- Ensure that it has sufficient information to manage its food service program.
- Implement inventory management procedures.
- Ensure a safe and sanitary work environment.

Student Transportation

District transportation costs appear reasonable given the number of route miles driven and students transported.

- The District’s routes appear efficient and effective
- The District appropriately accounted for its route mileage

- Student transportation policies are consistent with state and federal laws

Although the District has higher transportation costs than comparable districts, this may be explained by the number of special needs students that the District transports.

Proposition 301 Money

Proposition 301 increased the state-wide sales tax by 0.6 percent for 20 years beginning in FY 2001. Proposition 301 designates the money for base pay increases, performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

Eligible employees received, on average, \$2,594 of the \$3,563 available to each employee. Most employees did not receive the full amounts for performance pay because, for example, they did not meet the criteria for serving as a grade-level representative or the criteria for attendance.

While the District spent its Proposition 301 monies appropriately, it did not retain documentation to demonstrate that eligible employees met performance pay measures. In addition, it did not designate in the plan that it was using the menu option for pay increases.

Average Employee Pay Increase Fiscal Year 2002

Category	Budgeted	Actual
Base Pay	\$ 713	\$ 701
Performance Pay	1,425	587
Menu Options	<u>1,425</u>	<u>1,306</u>
Total	<u>\$3,563</u>	<u>\$2,594</u>

TO OBTAIN MORE INFORMATION

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can be obtained by calling
(602) 553-0333



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our Web site at:
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Contact person for
this report:
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Recommendation

The District should ensure that it retains performance documentation and that the plan addresses allowable options.

Classroom Dollars

The District did not consistently classify expenditures in compliance with the State's Uniform Chart of Accounts for school districts. As a result, it appears that the District's records overstate the percent-

age of dollars that are spent in the classroom and understate the percentage spent on administration. After correcting errors, the District's FY 2002 classroom dollar percentage was 43.9 percent. The state average that year was 58.2 percent.