

**REPORT
HIGHLIGHTS**
PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2010, Vail Unified School District's student achievement was higher than both its peer districts' and state averages, and the District operated efficiently overall. The District operated its administration, plant operations, and food service programs efficiently with costs that were similar to or lower than peer district averages, and its transportation program operated with lower per-mile costs. Additionally, the District has employed various innovative methods that have fostered collaboration among districts and encouraged creative approaches to district operations. However, the District needs to strengthen its accounting and computer controls and ensure its transportation program meets the State's *Minimum Standards*.



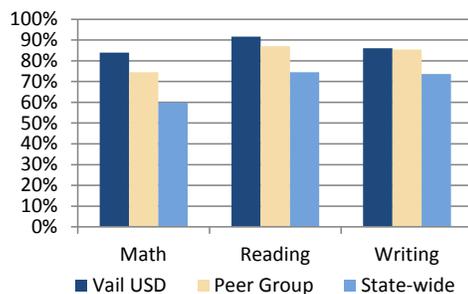
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Higher student achievement and efficient operations

Student achievement higher than peers' and state averages—In fiscal year 2010, Vail USD's student AIMS scores were higher than peer districts' averages and much higher than state averages. Additionally, all 16 of the District's schools met "Adequate Yearly Progress" for the federal No Child Left Behind Act, and the District's 94-percent high school graduation rate was similar to the peer average of 92 percent and much higher than the state average of 78 percent.

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



District operated efficiently overall—In fiscal year 2010, Vail USD operated efficiently overall with costs that were similar to or lower than peer districts', on average. The District's administrative costs per pupil were the same as the peer districts' average, and its plant operations costs per pupil were lower because it maintained 14 percent fewer square feet per pupil. Further, the District's food service costs per pupil were 17 percent lower than peer districts', on average, because its cost per meal was slightly lower and it served fewer meals per pupil. The District's transportation program had lower costs per mile, but some improvements are needed.

Per-Pupil Expenditures by Operational Area Fiscal Year 2010

Operational Area	Vail USD	Peer Group Average
Administration	\$627	\$627
Plant operations	843	917
Food service	255	308
Transportation	361	326

District's culture of innovation fosters collaboration and creative approaches to district operations

Vail USD encourages a culture of innovation and creativity across all operational and educational areas. For example:

Online instructional program—In 2008, the District created an online instructional program for its teachers to share instructional plans and materials. Since then, the District has partnered with 65 other Arizona districts and schools to expand the reach of this program.

Laptop computers and buses with Internet access—Since fiscal year 2006,

the District has operated a computerized learning program at one high school where each student receives a laptop computer. Additionally, in December 2009 and July 2010, the District outfitted two buses with wireless routers so that students could access the Internet for instructional purposes during their bus rides.

Renewable energy and sustainable materials in construction projects—In May 2011, the District entered into a 20-year contract with a vendor to install

solar power systems at two district sites, with the long-term goal of reducing energy costs. Additionally, in July 2010, the District opened a new eco-friendly school with natural light in classrooms,

wind turbines, water harvesting tanks, artificial grass, insulation made of denim, and other recycled materials throughout the school.

Inadequate accounting and computer controls increased risk of errors, fraud, and unauthorized access to sensitive information

In fiscal year 2010, Vail USD was exposed to an increased risk of payroll errors because it did not have a delayed payroll system under which employees would be paid after the end of a pay period for actual hours worked during that pay period, rather than on anticipated hours to be worked. Additionally, the District did not adequately separate its payroll and personnel responsibilities. Further, the District granted 11 employees more access to its accounting system than they needed to perform their jobs, had inadequate controls over network passwords, and did not install anti-virus software on all computers. Although we did not

detect any improper transactions, these poor controls exposed the District to an increased risk of errors, fraud, and unauthorized access to sensitive information.

Recommendations—The District should:

- Establish a delayed payroll system and separate payroll and personnel responsibilities.
- Review employee access to its accounting system, implement procedures to secure network passwords, and install anti-virus software on its computers.

District should strengthen some controls in its transportation program

District did not maintain support for number of riders—In fiscal year 2010, the District was unable to provide documentation supporting its rider count reported for state funding purposes. This lack of documentation hindered the District's ability to calculate and use rider-based performance measures, such as cost per rider and bus capacity utilization, to evaluate its routes and program efficiency.

District lacks procedures to ensure driver certification requirements are met—To help ensure student safety, the State's *Minimum Standards for School Buses and School Bus Drivers (Minimum Standards)* require that bus drivers be properly certified and receive periodic physical examinations, drug tests, refresher training, and CPR and first aid certification. However, we identified lapses in, or a lack of support for, driver requirements for 10 of the 15 bus driver files reviewed. For example, 6 of the 15 bus drivers had lapses in their physical performance tests that are required every 2 years and test a driver's reflexes, agility, and strength. These lapses ranged from 2 weeks to over 2 months. Additionally, one driver's refresher training was 8 months overdue, and 4

drivers had expired CPR trainings and/or expired first aid trainings. These expirations ranged from 1 to 5 months.

District failed to perform regular bus preventative maintenance—The State's *Minimum Standards* also require districts to demonstrate that their school buses receive systematic preventative maintenance and inspections, such as periodic oil changes, tire and brake inspections, and inspections of safety signals and emergency exits. We found that 8 of the 10 buses reviewed had exceeded the District's 8,000-mile preventative maintenance schedule without being serviced. These lapses ranged from 54 miles to over 15,000 miles.

Recommendations—The District should:

- Retain documentation supporting its ridership and use rider counts to calculate and monitor performance measures.
- Implement a procedure to ensure that bus driver requirements are met.
- Ensure that bus preventative maintenance is conducted timely.