



REPORT HIGHLIGHTS PERFORMANCE AUDIT

Our Conclusion

In fiscal year 2012, Wenden Elementary School District's student AIMS scores were mixed compared to peer district averages with lower scores in math, writing, and science and a similar score in reading. Although the District's costs were high in some operational areas, the District was reasonably efficient overall. The District's administrative operations were reasonably efficient, but it lacked adequate controls over its payroll, purchasing, and computer network and systems. Its plant operations were also reasonably efficient, as was its food service program. However, the District's decision to provide free meals to all students and sell meals at a loss to employees and community members increased its need to subsidize its food service program. The District's transportation program was reasonably efficient, but it should ensure that its bus drivers meet all certification requirements.



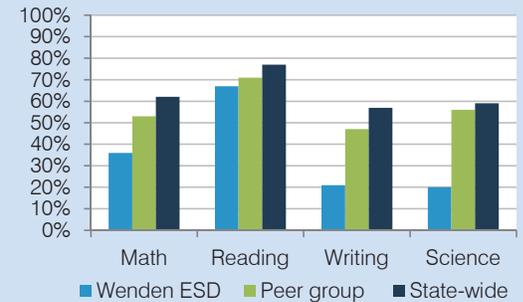
2015

Student achievement and operational efficiency

Student achievement—In fiscal year 2012, Wenden ESD's student AIMS scores were lower than peer districts' in math, writing, and science and similar in reading. However, for very small districts such as Wenden ESD, year-to-year changes in student populations can greatly impact year-to-year student AIMS scores. Under the Arizona Department of Education's A-F Letter Grade Accountability System, the District received a letter grade of D, while 13 of its 16 peer districts received a C or better.

Reasonably efficient operations—Although Wenden ESD's fiscal year 2012 costs were high in some operational areas, the District operated in a reasonably efficient manner overall. The District's administrative and plant operations costs were slightly higher than peer districts', but auditors did not identify any overstaffing, unusually high salaries, or wastes of resources in these areas. The District's per pupil food service costs were much higher than peer districts', but that was primarily the result of serving more meals per student than peer districts, on average, and the District's transportation program was reasonably efficient, considering its small size.

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



Comparison of per pupil expenditures by operational area
Fiscal year 2012

Operational Area	Wenden ESD	Peer group average
Administration	\$2,780	\$2,472
Plant operations	2,371	2,126
Food service	1,470	756
Transportation	405	970

District had inadequate accounting and computer controls

Payroll process lacked proper separation of responsibilities—In fiscal year 2012, Wenden ESD lacked adequate controls over its payroll process. More specifically, the District allowed one employee to perform all payroll and personnel functions with little or no supervisory review, which could allow the processing of false payments.

Credit card purchases not adequately controlled, and some purchases appeared unusual or improper—The District did not have adequate controls over the use of its credit cards because it did not always require proper approval of credit card purchases prior to purchases being made, did not verify that items purchased were received, and did not ensure that all purchases were appropriate. We identified a small number of purchases that did not appear to be related to district operations, such as coffee, soda, candy, and pastries, and some purchases that appeared improper, such as adult

vitamins, over-the-counter medication, and adult personal hygiene products.

Inadequate computer controls—The District lacked adequate controls over its computer network and systems. Four of five accounting system users and 1 of 16 student information system users had more access to the systems than needed to perform their job responsibilities, and one student information system user account was linked to an employee whose district employment had been terminated over 3 years prior. Additionally, the District's password requirements were weak. System administrators assigned passwords to users and never required password changes at first logon or anytime thereafter. Moreover, passwords could be short and did not need to contain numbers or symbols.

Costs not accurately reported—In fiscal year 2012, the District did not always properly classify its expenditures in accordance with the Uniform Chart of Accounts for school districts. As a result, the District's *Annual Financial Report* did not accurately reflect its costs.

Recommendations

The District should:

- Implement proper controls over payroll and purchasing.
- Implement proper controls over its computer network and systems.
- Classify all transactions in accordance with the Uniform Chart of Accounts for school districts.

Participation in special National School Lunch Program (NSLP) provision and adult meal sales increased need to subsidize food service program

In fiscal year 2012, Wenden ESD's food service program was not self-supporting, requiring the District to subsidize the program with \$59,770 of monies that otherwise potentially could have been spent in the classroom. Two decisions by the District added to the need to subsidize the program. First, the District's decision to participate in a special NSLP provision whereby it provided free meals to all students resulted in the District receiving approximately \$6,100 less in food service revenues. Second, the District chose to sell meals to employees and community members at a price that was \$1.72 less than the cost of the meals, on average, resulting in a loss of at least \$5,325 on the sale of these meals.

Recommendations

The District should:

- Assess the costs and benefits of its participation in any special NSLP provision.
- Ensure that it charges employees and community members meal prices that cover production costs.

District did not ensure bus drivers met certification requirements and failed to enforce negotiated service prices

The District failed to ensure that its two bus drivers had received random drug and alcohol tests and that one of them had received a current medical examination. Additionally, in fiscal year 2012, the District failed to ensure that its vehicle repair and maintenance vendor charged for services based on negotiated prices, resulting in the District overpaying by \$2,191 for services.

Recommendations

The District should:

- Implement procedures to ensure all bus driver certification requirements are met and documented.
- Ensure that vendor invoices for repair and maintenance services comply with negotiated prices before paying them.