



PERFORMANCE AUDIT REPORT

K-12 Education: Efficiency Audit of the Attica School District

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
July 2016**

Legislative Division of Post Audit

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July 27, 2016

To: Members, Legislative Post Audit Committee

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This report contains the findings, conclusions, and recommendations from our completed performance audit, *K-12 Education: Efficiency Audit of the Attica School District*. We would be happy to discuss the findings, recommendations, or any other items presented in this report with any legislative committees, individual legislators, or other state officials.

Sincerely,



Scott Frank
Legislative Post Auditor

This audit was conducted by Heidi Zimmerman, Meghan Flanders, and Betty Liu. Justin Stowe was the audit manager. Dr. Tom Vernon was a consultant. If you need any additional information about the audit's findings, please contact Heidi at the Division's offices.

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Table of Contents

Introduction	1
Overview of the Attica School District	
<i>The Attica School District Served about 155 FTE Students and Employed About 30 FTE Staff in the 2014-15 School Year</i>	3
Question 1: Could the Attica School District Achieve Significant Cost Savings by Improving Resource Management, and What Effect Would Those Actions Have?	
<i>The Attica School District Was Randomly Selected for an Efficiency Audit Pursuant to State Law</i>	7
<i>We Interviewed Staff, Analyzed Expenditures, and Toured facilities to Identify Potential Cost Savings Options</i>	8
<i>The Attica School District's Small Size Creates Several Challenges to Operating More Efficiently</i>	10
<i>The District Could Save up to \$20,000 by Reducing Information Technology Support to Peer Levels</i>	13
<i>The District Could Save \$13,000 Annually by Reducing Food Service Staff to Peer Levels</i>	14
<i>The District Could Save Between \$6,000 and \$10,000 Annually in Food Service Costs by Changing Several Purchasing Practices</i>	15
<i>The District May Be Able to Save up to \$12,000 by Seeking Bids or Competitively Shopping for Building Insurance</i>	16
<i>The District Could Generate up to \$4,300 in Revenue Annually by Switching to a Cash-Back Procurement Card and Maximizing Its Usage</i>	18
<i>The District Could Save \$40,000 Annually by Incorporating Sixth Graders into the Junior High School and Eliminating One Teacher Position</i>	19
<i>The District Has Several Weak Accounting Practices That Increase the Risk for Fraud or Abuse</i>	21
<i>The District Lacks Practices and Policies to Adequately Protect its Assets</i>	22
<i>The District Appears to have Accepted the Donation of a New Gymnasium Without Considering the Long-Term Cost Obligations</i>	24
Recommendations	25

List of Figures

Figure OV-1: Map of the Attica School District	3
Figure OV-2: Enrollment, Staffing, and Expenditure Trends for the Attica School District (2011-2015 school years)	4
Figure OV-3: 2014-15 Expenditures for the Attica School District	5
Figure 1-1: Expenditures Comparison for Attica and its Peer Districts (2014-15 School Year)	9
Figure 1-2: Summary of Cost Savings or Revenue Generating Options for the Attica School District With a Low Impact on Students or the Community	12
Figure 1-3: Summary of Cost Savings or Revenue Generating Options for the Attica School District with a Moderate Impact on the Students or the Community	19

List of Appendices

Appendix A: Scope Statement.....	29
Appendix B: Detailed Information about Peer District Selection	31
Appendix C: District Response	33

K-12 Education: Efficiency Audit of the Attica School District

K.S.A. 46-1133 requires the Legislative Division of Post Audit to conduct a series of efficiency audits of Kansas school districts from fiscal year 2014 to fiscal year 2020. Like similar school efficiency audits conducted in previous years, the goal of these audits is to identify ways districts could reduce costs without affecting the education they provide students. Each year our office conducts audits of three school districts—one small (fewer than 500 students), one medium (500 to 4,000 students), and one large (more than 4,000 students). The law further stipulates that school districts be selected on a voluntary basis first and exempts school districts that have participated in a similar efficiency audit in the previous 10 years.

Legislative Post Audit randomly selected the Attica school district for an audit in September 2014 in the small-sized school district category. This efficiency audit answers the following question:

1. Could the Attica school district achieve significant cost savings by improving resource management, and what effect would those actions have?

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in *Appendix A*.

Our work included an analysis of Attica’s expenditures, a staff survey, interviews with district officials, and a tour of the district’s facilities designed to identify potential efficiency options. We identified six peer districts that had similar demographics (e.g. a similar percentage of free-lunch students) to the Attica school district and compared them on various measures of efficiency. That allowed us to identify areas where the district’s spending appeared to be relatively high. Detailed information about how we selected these peers is included in *Appendix B*. Where applicable, we compared district operations, controls, and processes to best practices to determine if they were adequate. Our work included a review of the district’s internal controls for its procurement cards, purchasing, inventory, and cash handling. We provided a management letter to the Attica school district to convey a minor finding not discussed in the report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the

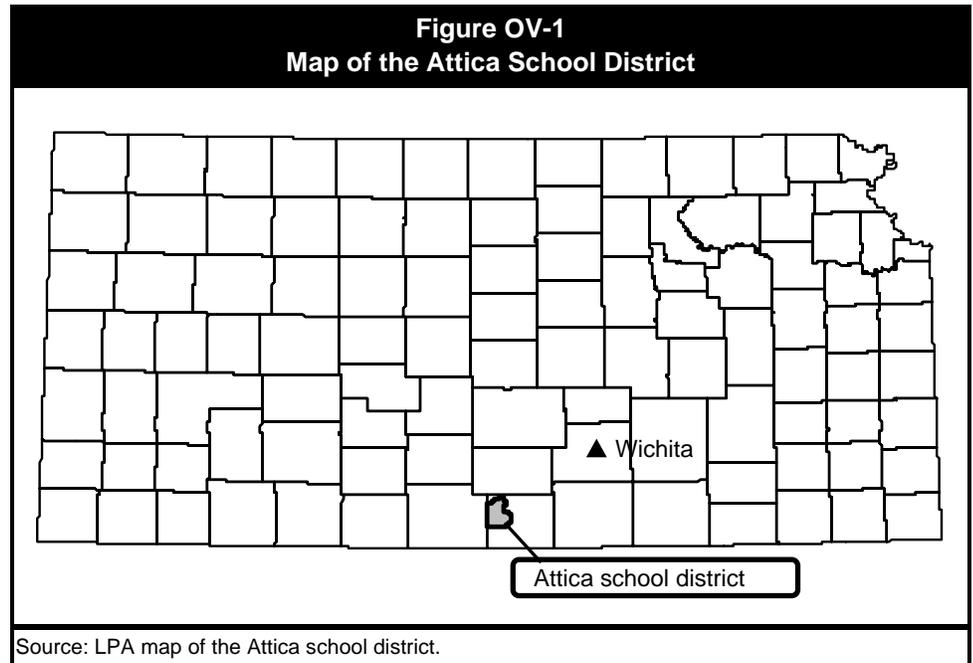
evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit findings begin on page 7, following a brief overview of the Attica school district.

Overview of the Attica School District

The Attica School District Served About 155 FTE Students and Employed About 30 FTE Staff in the 2014-15 School Year

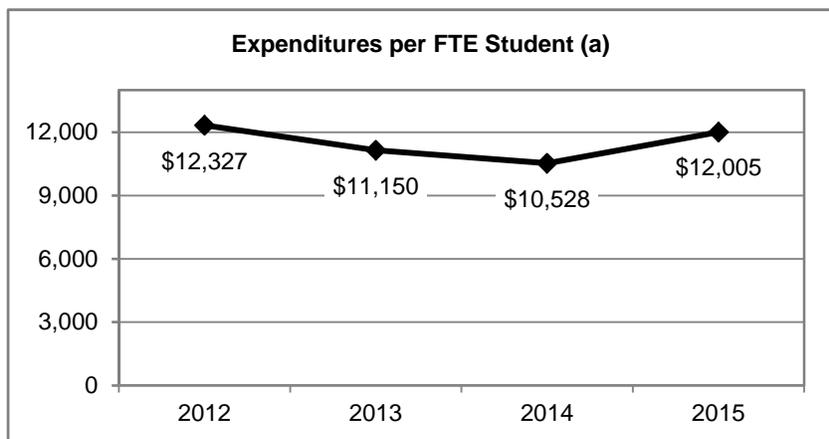
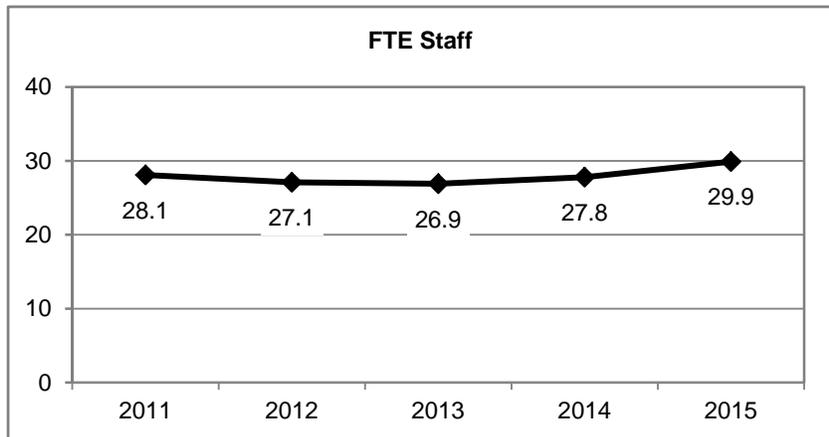
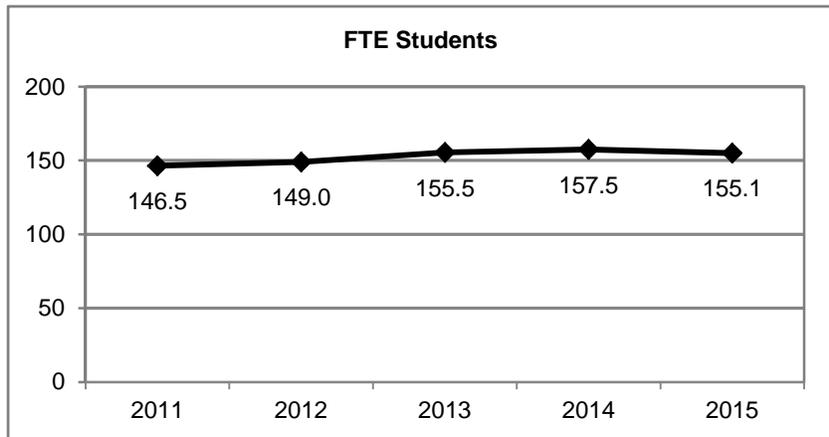
The Attica school district is located in south central Kansas in Harper County. **Figure OV-1** provides a map of the district's location. The district has five neighboring school districts: Cunningham, Barber County North, South Barber County, Anthony-Harper, and Kingman-Norwich.



During the last five years, the Attica school district's student enrollment and staffing have increased while its expenditures per FTE student have declined slightly. Figure OV-2, on page 4 shows five-year trends for student enrollment and staffing, and the four-year trend for expenditures per FTE student for the Attica school district. As the figure shows:

- **The district's student enrollment has increased by about 6%.** The district had 155.1 FTE students in the 2014-15 school year compared to 146.5 FTE in 2010-2011.
- **The district's staffing level has also increased by 6%.** The district employed 29.9 FTE staff in the 2014-15 school year compared to 28.1 FTE staff in 2010-2011.
- **The district's expenditures per FTE student have declined by almost 3% over the past four years.** The district spent about \$12,005 per FTE student for regular education in the 2014-15 school year, down from \$12,327 per FTE student in 2011-12.

**Figure OV-2
Enrollment, Staffing, and Expenditure Trends for the
Attica School District
(2011-2015 school years)**



(a) Expenditures have not been adjusted for inflation. Expenditures exclude property and equipment and include regular education costs only.
Source: Kansas State Department of Education (audited)

Figure OV-3 summarizes district expenditures for the 2014-15 school year. Total district expenditures for that year were about \$2.8 million. Our analyses excluded about \$800,000 of that total for expenditures related to property and special education. That is because districts provide special education services in a variety of ways, so including them would distort comparisons across districts. Additionally, property and equipment purchases were excluded because they can vary significantly from year to year.

Figure OV-3 2014-15 Expenditures for the Attica School District			
Category	Total	\$ Per FTE Student	% of Total (c)
All District Expenditures (a)			
Regular Education	\$1,861,942	\$12,005	67%
Special Education	\$325,657	\$2,100	12%
KPERS (b)	\$91,653	\$591	3%
Property and Equipment	\$478,689	\$3,086	17%
Other	\$4,654	\$30	0%
Total	\$2,762,595	\$17,812	100%
Expenditures Evaluated in This Audit (d)			
Expenditures by Function			
Instruction	\$979,151	\$6,313	54%
Operations & Maintenance	\$239,930	\$1,547	13%
School Administration	\$116,625	\$752	6%
Food Service	\$103,092	\$665	6%
District Administration	\$257,086	\$1,658	14%
Student Support	\$45,829	\$295	3%
Transportation	\$61,483	\$396	3%
Instruction Support	\$19,995	\$129	1%
Total (d)	\$1,823,191	\$11,755	100%
Expenditures by Object			
Salaries	\$1,140,634	\$7,354	63%
Benefits	\$119,960	\$773	7%
Purchased Services	\$233,292	\$1,504	13%
Supplies	\$281,044	\$1,812	15%
Other	\$48,261	\$311	3%
Total (d)	\$1,823,191	\$11,755	100%
(a) Total excludes internal transfers between funds.			
(b) The state pays the employer portion of KPERS for the district.			
(c) Totals may not add due to rounding.			
(d) Totals exclude property and equipment, special education, and certain categories such as construction and debt service.			
Source: Kansas Department of Education (audited)			

The Attica school district has more property wealth and less student poverty than the state average. In the 2014-15 school year, the district's assessed valuation per pupil of \$99,441 was significantly greater than the state average of \$67,874. Further, 27.8% of Attica's students received free lunches compared to the state average of 39.8%. Finally, none of Attica's students received services for limited English proficiency, compared to the state average of 9.9%.

Question 1: Could the Attica School District Achieve Significant Cost Savings by Improving Resource Management, and What Effect Would Those Actions Have?

We identified several options that would have little to no impact on students or the community. We estimated the district could save up to \$20,000 by providing information technology support in a way more similar to peers (p.13). Additionally, the district could save \$13,000 annually by reducing its food service staff to peer levels (p.14). The district could also save between \$6,000 and \$10,000 annually in food service costs by changing several purchasing practices (p.15). The district also may be able to save up to \$12,000 by soliciting bids or competitively shopping for building insurance (p.16). Finally, the district could generate up to \$4,300 in revenue annually by switching to a cash-back procurement card and maximizing its usage (p. 18).

We also identified one option that would have a moderate impact on students or the community. The district could save \$40,000 annually by incorporating sixth graders into the junior high school and eliminating one teaching position (p. 19).

In addition to the savings and revenue options listed above, we also found that the district had several weak accounting practices which put the district at greater risk for fraud or abuse (p.D-21). Further, the district lacks practices and policies to adequately protect its assets (p. 22). Finally, the district appears to have accepted a donation of a new gymnasium without considering the long-term cost obligations, though we were unable to identify options for reducing these costs. (p. 24).

The Attica School District Was Randomly Selected for an Efficiency Audit Pursuant to State Law

Legislative Post Audit randomly selected the Attica school district for an audit in September 2014 pursuant to K.S.A. 46-1133. This efficiency audit focuses on ways in which the district can provide the same quality of educational services using fewer resources, or could use existing resources more efficiently.

District officials told us about a few actions taken in the last year to improve the district's efficiency. Those actions include eliminating its Culligan water contract, relying more on its maintenance director to provide additional maintenance services, and updating the building's air conditioning units. District officials have not tracked the cost savings for the recent actions the district has taken. We did not perform any audit work to verify these reported actions.

***We Interviewed Staff,
Analyzed Expenditures,
and Toured Facilities
to Identify Potential
Cost Savings Options***

We reviewed district operations to identify potential areas where the district could reduce its costs or generate additional revenue.

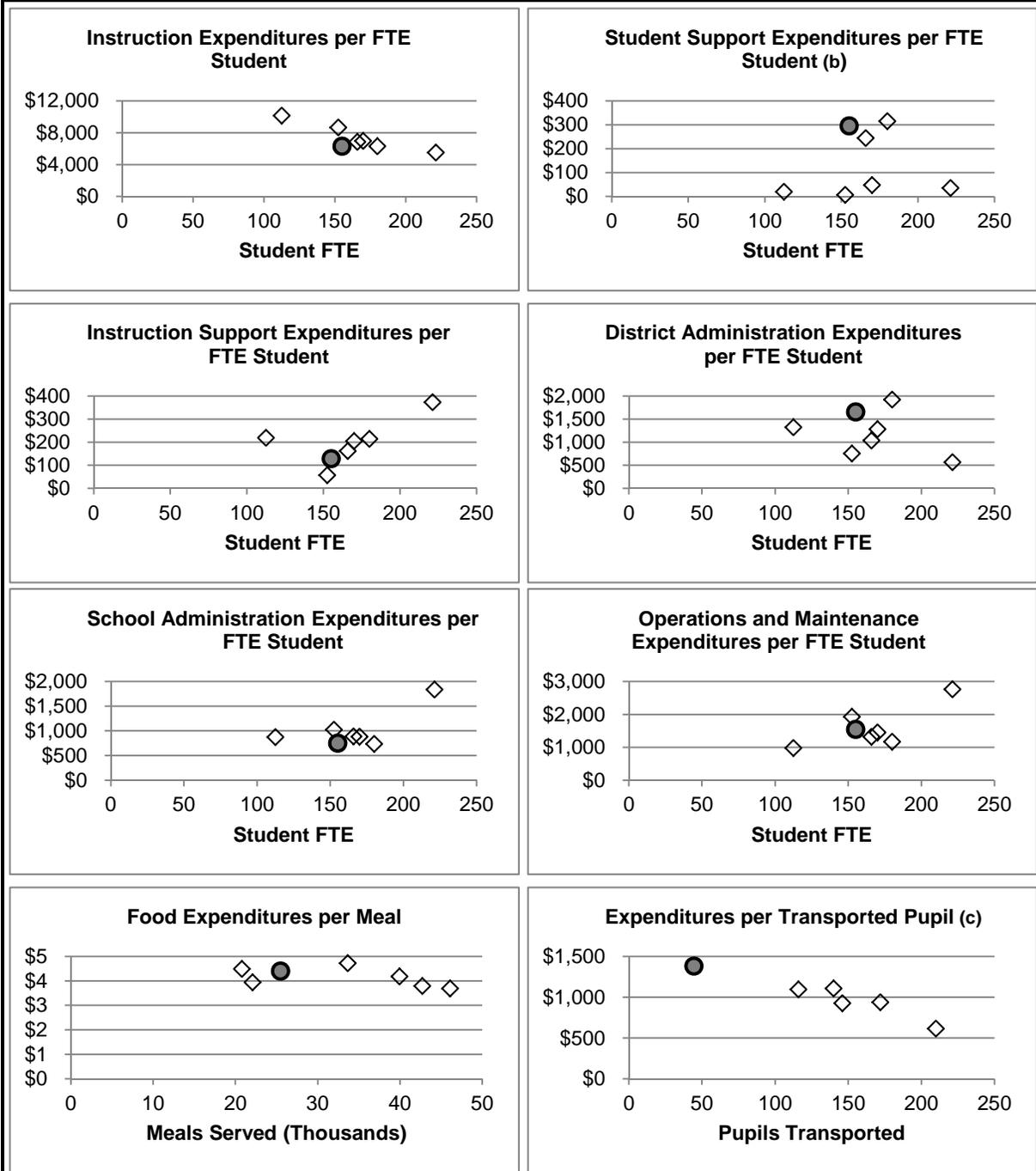
- **We compared Attica’s school district expenditures to peer districts on a per-student basis.** We selected six other school districts whose demographics were similar in terms of size, property values, poverty levels, and the percent of students who have limited English proficiency. **Appendix B** provides a list of these peer districts and their demographic information. We then compared Attica’s expenditures on a per-student basis to peer districts’ expenditures to identify potential outliers.

Figure 1-1, on page 9, compares Attica’s expenditures on a per-student basis to its peer districts in several areas of spending. As the figure shows, Attica spent more than most of its peers in a few categories such as student support, transportation, and food service. However, our detailed review of Attica’s expenditure data identified numerous errors—meaning that these comparisons should be taken as indicators only and not absolute fact (see page 21 for a more detailed description of some of these errors).

- **We surveyed Attica district staff to identify potential inefficiencies.** In total we received 32 responses for a response rate of 63%. Of those who responded, 69% reported the district operated efficiently or very efficiently.
- **We interviewed Attica school district officials and staff and toured school buildings to better understand and observe district operations.**
- **We interviewed officials in other similar Kansas school districts and officials at the Kansas Association of School Boards (KASB) and consulted with an experienced Kansas public school administrator to provide feedback on the feasibility and impact of our potential cost savings options.**

**Figure 1-1
Expenditures Comparison for Attica and its Peer Districts
2014-2015 School Year (a)**

Attica Signified by ●



(a) Data does not include special education or property and equipment costs.
 (b) Although Attica's spending appeared high in this category, it was likely related to some under reporting in expenditures by the district's peers. After making adjustments, the district was only slightly high compared to peers and the reductions necessary to bring the district in line with peers were too small to be feasible.
 (c) We evaluated several options related to reducing transportation expenditures but did not identify any feasible options for the district.

Source: LPA analysis of audited school district expenditure and enrollment data from the Kansas Department of Education and the Attica school district.

We categorized the potential cost savings options we identified based on their potential impact on students and the community. As in previous audits, we categorized savings options into three groups:

- **Options that would have little to no impact on students or the community and should be implemented.** Some of these options may affect students' daily routines, but will have little effect on students' instructional experience. For example, increasing the district's procurement card usage would generate additional revenue but would have no impact on students.
- **Options that could have a moderate impact on students or the community, but should be considered.** These options could have some effect on students. For example, incorporating sixth graders into the junior high would affect the student's daily routine and instructional experience.
- **Options that could have a significant impact on students or the community, but should be considered.** These options could potentially yield the largest savings, but likely will also affect student instruction or the community in significant ways. We did not identify any options in this category for the Attica school district.

Attica school district officials raised a number of concerns about the effect many of the cost savings options could have on students or the community. We could not fully assess the impact of some of these concerns, but we summarized and included them in this report.

The Attica School District's Small Size Creates Several Challenges to Operating More Efficiently

During the course of our work, we observed several challenges small school districts like Attica face in trying to operate more efficiently.

Small school districts spend more on a per-student basis than larger districts because the district's fixed costs are spread over fewer students. For the 2014-15 school year, the district had only 155.1 FTE students. When the number of students in a school is small, the fixed costs associated with the school, such as utilities, maintenance, and personnel costs result in higher per-student expenditures. Similarly, the relatively small class sizes common in small districts also increase the district's per-student expenditures (although small class sizes may also confer some academic benefits).

In the 2014-15 school year, Attica's cost per student was about 32% greater than the state average. Attica's total cost per student was about \$17,800 whereas the state average was about \$13,500. Our 2006 education cost study found that districts with student enrollments similar to Attica (around 100 students) generally cost

about 75% more to operate than districts that have 1,700 or more students.

Although small school districts may be relatively more expensive to operate than large districts, several factors make it difficult to reduce expenditures. During our work we noted a few reasons why it can be difficult for a small district to reduce costs, including:

- **The district may not be able to make additional reductions because it is already operating with the minimum amount of necessary resources.** For example, our 2006 education cost study found that school districts need a minimum of five high school teachers to teach all the courses the state requires for graduation. As a result, even if there are not enough students to fill the classes or create full teaching loads, the district may not be able to reduce its number of teacher positions.
- **Cost saving actions may have a greater effect on students in small districts and thus be more difficult for the community to tolerate.** For example, reducing the number of bus routes in a large district from 50 to 49 can likely be accomplished with only a small effect on students. However, reducing the number of bus routes from two to one in a small district could double the amount of time students are on the bus and thus be more strongly opposed by the community.
- **Staff in small school districts often have multiple job duties and responsibilities, which can make it difficult for districts to make staffing cuts.** For example, in Attica the school secretary has clerical responsibilities for both the school and the district. Consequently, although it might be possible to reduce the secretary's duties related to the district, it might not be possible to reduce the duties related to the school.
- **The staffing reductions necessary to operate at a similar cost to peers may be so small they are not practical to implement.** For example, reducing a staff position by 0.3 FTE might theoretically reduce costs, but may be impractical because of the difficulty in finding staff willing to work less than full-time.

These issues can make it more difficult for small districts to make significant expenditure reductions, even though the district may be spending more than other districts on a per-student basis.

SAVINGS THAT WOULD HAVE LITTLE TO NO IMPACT ON STUDENTS OR THE COMMUNITY, AND SHOULD BE IMPLEMENTED

The options presented in this section likely would have little to no impact on students or the community. For example, increasing the district's use of its procurement card would not affect students' educational experience.

Figure 1-2 summarizes the cost savings and revenue enhancements in this category. As the figure shows, the district could achieve between \$55,300 and \$59,300 in savings or additional revenue if it implemented all options. Those options include:

- providing information technology support in a way more similar to peers (page 13)
- eliminating about 1 FTE food service staff to peer levels (page 14)
- adopting better purchasing practices, purchasing rather than renting a dishwasher, and making the food service director aware of the budget (page 15)
- soliciting bids or competitively shopping for property insurance (page 16)
- using and maximizing the use of a cash-back procurement card (page 18)

The figure also lists district officials’ concerns about taking these actions, as well as our assessment of those concerns.

Figure 1-2 Summary of Cost Savings or Revenue Generating Options for the Attica School District With a <u>Low Impact</u> on Students or the Community				
Option	Annual Cost Savings/ Increased Revenues		School District Officials' Concerns	LPA Assessment of District Officials' Concerns
	Minimum	Maximum		
Provide IT Support Similar to Peers	\$20,000		<ul style="list-style-type: none"> • The lack of in-house IT support staff would mean problems could not be addressed in a timely manner. 	<ul style="list-style-type: none"> • A service center providing IT support told us many problems can be fixed remotely and they have staff who live near Attica. • The district could choose to train their current in-house IT staff member and reduce its dependence on their contractor.
Eliminate 0.9 FTE Food Staff to Align with Peers	\$13,000		<ul style="list-style-type: none"> • The district only appeared inefficient because of its small size. 	<ul style="list-style-type: none"> • Our work compared Attica to other small districts, some who served similar numbers of meals, and found those districts were more productive and needed less staff as a result.
Adopt Better Purchasing Practices, Purchase Instead of Rent a Dishwasher, and Make the Food Service Director Aware of the Budget (a)	\$6,000	\$10,000	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
Solicit Bids or Competitively Shop for Property Insurance	\$12,000		<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None
Use and Maximize A Cash-Back Purchasing Card	\$4,300		<ul style="list-style-type: none"> • District officials told us they were hesitant to use their procurement cards for additional types of purchases, but did not cite any specific reasons the district could not take these actions. 	<ul style="list-style-type: none"> • None
Total District Savings	\$55,300	\$59,300		

(a) This action would also save the state \$1,300 in annual KPERS contributions.
Source: LPA analysis of audited district and KSDE data and interviews with district officials.

The District Could Save up to \$20,000 by Reducing Information Technology Support to Peer Levels

In the 2014-15 school year, the Attica school district spent about \$50,000 in salary and contracting costs to provide information technology (IT) services to students and staff. The district's IT staff includes one full-time staff and one local contractor who provides services on an on-call basis.

In the 2014-15 school year, Attica spent about twice as much on IT support for students and staff than its peer districts.

Attica spent about \$50,000 while its peer districts spent about \$25,000 or less. Based on interviews with district officials and analysis of KSDE data, we identified two reasons Attica's IT support expenditures were greater than its peers:

- **Attica spent about \$25,000 on its in-house IT staff and had twice as much staff on a per-student basis than the average of six peer districts.** Attica had one IT staff for its 155 FTE students while the six peer districts averaged 0.5 FTE for 167 FTE students. Although this appears to be only a slight overstaffing, in a small district like Attica, it is equivalent to having twice as many staff as peer districts.
- **The district also spent \$24,000 on an on-call contractor to supplement its in-house staff.** This contractor provides the more complex maintenance and trouble-shooting services that the district's IT staff person cannot provide. None of the three peer districts we interviewed had both in-house and contracted staff.

If Attica operated in a way more similar to peers, it could save up to \$20,000 annually. To identify ways in which Attica could restructure its IT support, we interviewed officials in three similarly sized districts: Cunningham (158 students), Pawnee Heights (113 students), and Barber County North (441 students). Cunningham and Barber County North are neighboring districts to Attica.

All three of the peer districts we talked to provided IT support in different ways, but all were less expensive than Attica. If the district took any of these three options, it could save up to \$20,000:

- **The district could contract with a service center to provide IT support.** We confirmed with staff at the Education Services and Staff Development Association of Central Kansas (ESSDACK) in Hutchinson that the service center could provide IT support services to Attica. Additionally, one of Attica's neighboring districts (Cunningham) contracts with ESSDACK to provide IT services.
- **The district could keep one or the other of its current IT staff.** If the district chose to keep their current in-house staff, he would likely need additional training. Alternatively, the district could choose to only use a contractor on an as-needed basis, as it has done in the past.

- **The district could share IT staff with another district.** One peer district we interviewed (Pawnee Heights) shared its IT support staff with Ness City. Although this option may eventually be feasible for Attica, it might be difficult for the district to find a nearby district willing to share IT staff with them.

District officials were concerned about potentially not having any in-house staff to quickly address problems. District officials told us they were concerned that if they contracted with a service center, the center would not be able to fix IT issues in a timely manner. However, staff at ESSDACK told us many problems can be fixed remotely, and they have staff who live near Attica. As another option, the district could choose to train its current in-house IT staff member and reduce its dependence on the contractor, which would still yield savings. Finally, none of the three districts we talked to (Cunningham, Pawnee Heights, and Barber County North) had full-time in-house IT support staff nor did any of the district's six other peer districts we originally compared Attica against.

The District Could Save \$13,000 Annually by Reducing Food Service Staff to Peer Levels

In the 2014-15 school year, the Attica school district spent \$112,200 to serve a little more than 25,000 lunches and breakfasts. Additionally, the district employed about 2.9 FTE food service staff.

We evaluated Attica's food service program because its per-meal costs were greater than the peer average by \$0.27 (Attica's per-meal cost was \$4.40 compared to the peer average of \$4.13). Additionally, the district's food service program was not self-sufficient and required an almost \$30,000 transfer from its general fund.

Attica's food service operations are overstaffed by almost 1.0 FTE when compared to its peers. We compared the number of meals served per food service staff in Attica to two groups of peers. One group included six peers that had a similar number of students as Attica, but significant variation in the number of meals served (meals served ranged from 21,000 to 46,000). The other group included three districts that served a similar number of meals as Attica (about 25,000). We conducted the second comparison because we wanted to identify inefficiencies related to staff productivity rather than inefficiencies related to economies of scale.

In both comparisons, the district was overstaffed by about 0.9 FTE food service staff. Attica food service staff prepared and served about 8,800 meals per FTE food service staff. In comparison, peer

districts, on average, prepared and served about 12,800 meals per FTE food service staff—about 45% more meals per staff person.

The district could save \$13,000 annually by reducing food service staff by 0.9 FTE, which would reduce the district's transfer and save general fund money. If the district reduced its food service staff by 0.9 FTE (from 2.9 FTE to 2.0 FTE), each remaining staff member would need to be as productive as the peer district average (increase meal preparation productivity from 8,800 per staff to 12,800). Although it is unusual to suggest a reduction of 0.9 FTE in staff, the district's unique staffing structure makes this possible. That is because the district has only 2.5 FTE staff dedicated to food service. The remaining 0.4 FTE are office and maintenance staff who contribute an hour or two each day to food service (for a total of about 0.4 FTE).

Because this reduction would leave the district with only two FTE food service staff, we also examined the number of food service staff in the districts that serve a similar number of meals as Attica. We found that all three of those districts also have just two FTE food service staff.

Reducing food service staff also would save the state about \$1,300 annually in Kansas Public Employees Retirement System (KPERS) funding. Because the state pays the employer share of KPERS (instead of the district), it achieves savings when districts reduce salary costs. In this case, reducing the district's staff salaries would also reduce the state's KPERS obligation.

District officials expressed concern that the district only appeared inefficient because of its small size. Officials thought our analysis underestimated the productivity of its food service staff because the district is capable of cooking many more meals than it actually needs. Although likely true, our comparison focused on other small districts facing similar constraints (some of which served similar numbers of meals). We found that those districts had chosen to operate with fewer staff in order to better align staff productivity with the district's meal needs.

The District Could Save Between \$6,000 and \$10,000 Annually in Food Service Costs by Changing Several Purchasing Practices

The district's food service expenditures were also high compared to peers in the areas of supplies and purchased services (purchased services include items such as rental costs, trash service, and maintenance not performed by district employees). In the 2014-15 school year, Attica spent \$2.68 per meal in these categories while its peers an average of \$2.23.

We reviewed the district's food service expenditures and interviewed districts similar to Attica to understand what steps they took to reduce food service expenditures. In addition to the staffing reductions recommended in the previous section, we identified three strategies that would further reduce the Attica's food service expenditures:

- **The district could potentially save approximately \$5,000 to \$9,000 by soliciting bids or competitively shopping for the best food supply prices.** In the 2014-15 school year, Attica's food supply costs were \$2.46 per meal while the peer average was \$2.15 per meal. Currently, the district does not solicit bids or frequently shop with multiple vendors to obtain the best possible food supply prices. Three other small, rural districts we talked to told us they solicit bids or competitively shop between three or four vendors to get the best prices. If Attica took these same actions they may be able to reduce their food supply costs per meal to a similar amount as its peers.
- **The district could save, on average, about \$900 a year by purchasing a dishwasher instead of renting it.** Currently, Attica rents a dishwasher for \$1,800 per year which includes maintenance and dishwashing soap. We looked at the cost of purchasing a similar dishwasher, as well as ongoing maintenance and supply costs and found that the district could likely save about \$9,000 over a ten-year period (the typical lifespan of a commercial dishwasher) by purchasing a dishwasher.
- **Although it may not save the district money, the district should make the food service director aware of the district's food service budget each year.** The district's food service director told us she was uncertain whether the district had a food service budget. It is a good practice for the person most responsible for overseeing the food program to be aware of the district's expenditure and revenue goals each year.

District officials did not express any concerns about any of these options.

The District May Be Able to Save Up to \$12,000 by Seeking Bids or Competitively Shopping for Building Insurance

The Attica school district maintains insurance on its buildings to protect against fire, storm, accident, and other damage. The district insures its K-12 school building, a gym located across the street from the school, its bus storage building, and various other small storage sheds on the school's grounds. In the 2014-15 school year, the district spent about \$62,000 to provide insurance coverage for these buildings.

The district's building insurance costs were about \$19,000 more than its peer average, in part because it has filed several claims and because it does not solicit bids or competitively shop for insurance services. We compared Attica's property insurance costs to three small districts (less than 500 students) in

the region (because insurance costs can vary by region). In the 2014-15 school year, Attica spent about \$62,000 on building insurance although the peer average was \$43,000. To understand why Attica spends more than other similar districts, we interviewed school district officials and insurance agents. Based on that work, we found:

- **The district's building insurance costs increased from about \$29,000 in 2012 to a little over \$62,000 in 2015, primarily because of multiple claims filed during that time.** Because of damage caused by storms, the district made two large insurance claims in 2012 and 2013 that totaled about \$230,000. After the district made its first claim in 2012 (to replace the roof on the elementary section of the school because of storm damage) the district's building insurance costs nearly doubled. The district experienced another increase of about 15% in 2013 after its second claim (a light pole fell on the school and damaged the band room).

It is unclear whether the district weighed the long-term financial consequences of rate increases against the district's ability to pay for the repairs. Because of turnover in the district, current staff were not sure what was considered at that time. However, the district had cash reserves of about \$700,000 (equivalent to 25% of the district's total expenditures) at the time and likely could have paid for one or both of the repairs themselves (about \$230,000). If they had done so, the cost of paying for the repairs may have offset the costs of higher insurance costs after about seven years.

- **The district does not solicit bids or competitively shop to find the best insurance prices.** Currently, the district purchases its insurance through a local insurance agent that it has used for many years. District officials told us they were not certain whether the district had ever sought a bid or talked with multiple vendors to find the best price for its insurance coverage. Additionally, the district does not have any written policies or procedures that would indicate that it was part of the district's regular practice to take such actions.

We estimated the district may be able to save \$12,000 by seeking bids or competitively shopping for insurance. District officials told us the district does not regularly bid for insurance services. Although Attica is in a rural area, the district has a few other options for insurance including different insurance companies in nearby towns and through the Property Insurance Program that the Kansas Association of School Boards (KASB) administers. Based on our analysis of insurance costs in other districts similar to Attica, conversations with insurance agents, and research district officials have already done, it appears the district may be able to save up to \$12,000 by bidding or competitively shopping for its building insurance services. District officials did not have any concerns about taking this action.

The District Could Generate up to \$4,300 in Revenue Annually by Switching to a Cash-Back Procurement Card and Maximizing Its Usage

A procurement card is a credit card that allows district employees to purchase items directly, instead of through the district's typical purchasing process. The advantages of using procurement cards include streamlined purchasing and the potential for earning cash-back rebates. The downside of using procurement cards is that they can easily be abused unless a district develops strong controls over their use.

The district currently has three procurement cards available for staff use. The district reported it used these cards to purchase \$5,700 in curriculum and student activity expenses in the 2014-15 school year.

If the district used procurement cards with a cash-back rebate and maximized their use it could generate up to \$4,300 in revenue annually. Currently, the district's procurement cards do not offer cash-back rebates. Additionally, the district purchased only 1% of its supplies and purchased services through its procurement card in 2014-15. We estimated if the district switched to 1.5% cash-back cards (such as those used in other school districts) and maximized their usage by purchasing up to 75% of its supplies (about \$167,000) and 50% of purchased services (about \$120,000 excluding utilities and payments made to the district's special education cooperative), it could generate up to \$4,300 in revenue every year.

The district would need to make a number of changes to implement this option, including switching procurements cards and strengthening its controls. The district could obtain cash-back procurement cards through a state-administered program or by participating in a procurement card program operated by the Kansas Association of School Business Officials (KASBO). More importantly, we found that the district does not have any written policies and procedures to guide its current procurement card use (see page 23). If the district significantly expands its use of procurement cards, it would be critical that it implements appropriate controls to govern and oversee their use.

District officials told us they were reluctant to use their procurement cards for additional types of purchases, but did not cite any specific reasons the district could not take these actions.

SAVINGS THAT COULD HAVE A MODERATE IMPACT ON STUDENTS OR THE COMMUNITY, BUT SHOULD BE CONSIDERED

The option presented in this section could have a moderate impact on students or the community. *Figure 1-3* summarizes the cost savings. As the figure shows, the district could achieve \$40,000 in savings if it moved sixth grade students to the junior high school. The figure also lists district officials' concerns, as well as our assessment of those concerns.

Figure 1-3 Summary of Cost Savings or Revenue Generating Options for the Attica School District With a <u>Moderate Impact</u> on Students or the Community				
Option	Annual Cost Savings/ Increased Revenues		School District Officials' Concerns	LPA Assessment of District Officials' Concerns
	Minimum	Maximum		
Incorporate Sixth Graders in the Junior High School and Eliminate One Teacher Position (a)	\$40,000		<ul style="list-style-type: none"> District officials agreed this action was feasible, but preferred to keep the teaching position and offer more electives. 	<ul style="list-style-type: none"> Given the small number of students in the district, offering more elective courses is likely to lead to an increase in low-enrollment classes although the district may prefer to offer as many electives as possible for educational reasons.
Total District Savings	\$40,000			
<small>(a) This action would also save the state between \$4,000 in annual KPERS contributions. Source: LPA analysis of audited district and KSDE data and interviews with district officials.</small>				

The District Could Save \$40,000 Annually by Incorporating Sixth Graders into the Junior High School and Eliminating One Teacher Position

Currently, the district operates a single K-12 school building. The district's 13 sixth graders attend class in the elementary wing of the building, while junior high and senior high students occupy a separate wing in the same building.

Because of the small number of students at the junior and senior high school (68) many teachers have multiple planning periods. When a district like Attica has so few total students, it is difficult to arrange a schedule that fully utilizes all teachers' time. For example, five of the 12 junior and senior high teachers have more than one planning period a day because there are not enough students to fill the schedule. Adding more students to the junior and senior high school would make better use of the school's current teaching capacity.

Incorporating the sixth graders into the junior high would better utilize junior and senior high teachers' time and save the district \$40,000. Because several junior and senior high teachers have extra planning periods, sixth graders could be added to the current schedule with only minor adjustments. For example, the junior high social studies teacher could teach sixth grade social studies instead of having a second planning period.

Additionally, by incorporating the sixth graders into the junior high, the elementary school would need one less teacher, which would save the district about \$40,000 in salary and benefits annually. The state also could save about \$4,000 annually in Kansas Public Employees Retirement System (KPERs) funding. Because the state pays the employer share of KPERs (instead of the district), it achieves savings when districts reduce salary costs.

It is not uncommon for sixth graders to be part of a junior high school, and the impact on the students would be moderate.

Across the state, we identified 113 school districts (out of 286) that included sixth grade students in a middle school or junior high school. Further, Attica's sixth grade students would still be attending the same physical school building (although they would be located in a different hallway) and their class size would not change. Finally, district officials told us sixth graders already participate in some activities with junior high students. For example, sixth graders currently attend physical education classes with the seventh and eighth graders, which could continue if sixth graders were incorporated into the junior high classes.

Although district officials would prefer to keep the teaching position and offer more electives, we identified several elective courses that currently do not have any enrolled students. Small school districts often struggle to find ways to offer students elective options (classes like art, music, or accounting). By keeping the elementary teacher position, the district would have additional teaching resources available to offer more electives. Although the district would not save any money, this could be a form of an efficiency because the district would be able to increase the number of courses it offers but do so with the same amount of resources.

However, given the small number of students in the district, offering more elective courses is likely to lead to an increase in low-enrollment classes and more teachers with multiple planning periods. Currently, almost 60% of the district's elective courses have five or fewer students. Additionally, the district currently offers several elective classes that none of the district's students are enrolled in. For example, a project management course and an agricultural course had no enrollment this year, which left those teachers with additional planning periods. Adding additional elective classes are likely to exacerbate these issues.

OTHER FINDINGS

*The District Has
Several Weak
Accounting Practices
That Increase the Risk
for Fraud or Abuse*

Accounting best practices recommend that organizations have adequate processes in place to reduce the risk of fraud and abuse and to ensure accurate financial records. These practices, such as regularly reconciling bank statements, reduce an organization's risk for fraud and abuse by ensuring that staff activities have proper oversight. We identified a number of deficiencies in the Attica school district that result in greater risk to the district.

Weak district accounting practices have resulted in several significant recordkeeping errors and increase the district's risk for fraud and abuse. We interviewed district staff to understand their processes, reviewed financial documents, and tested a sample of transactions to assess the adequacy of the district's accounting practices. Based on this work, we identified two specific problems:

- **The district's bank accounts did not reconcile to the district's internal accounting records, and there was no evidence that anyone in the district had been reconciling them regularly.** Our test work found \$94,000 in voided checks that had not been properly reconciled. We also identified a \$30,000 discrepancy between the district's bank account and our reconciliation against the district's internal records that the district could not explain. It is important that district staff reconcile the district's bank accounts on a periodic basis to catch errors, detect fraudulent expenditures, and to help oversee the district's financial standing.
- **We identified almost \$336,000 in expenditures that were miscoded or entered in error in the district's accounting records and not corrected.** For example, we found \$312,000 in construction costs coded as instruction rather than building improvements and several smaller expenditures (\$15,000 in total) that were also miscoded. We also found \$9,000 in utilities payments that were mistakenly entered three times but not corrected.

These issues raise concerns about the adequacy of the district's accounting procedures and its ability to deter and detect fraud or abuse. However, it is important to note that our limited test work did not detect any fraudulent activities.

Finally, inaccurate financial data also means the district lacks sound information to make good financial decision.

These errors also reduce the district's transparency and accountability. School districts report detailed expenditure data to KSDE, which in turn makes it publicly available. We identified about \$361,000 in expenditures that the district reported to KSDE that were miscoded or had other errors (this includes the \$336,000 mentioned above). For example, the district's accounting records

indicated the district spent \$22,000 in supplies for district administrators but the district reported only \$3,000 to KSDE (district staff told us this was because they reported budgeted expenditures instead of actual expenditures to KSDE). Overall, we identified errors that affected 13% of the district's reported expenditures. These errors reduce the district's transparency because it is difficult for the public to accurately determine what the district spent and in what areas.

Additionally, the district's many errors made it difficult for us to identify the areas where the district's expenditures were truly high compared to its peers. The time it would take to identify and correct the district's errors is prohibitive. As a result, we cannot be certain that we have correctly identified all areas in which the district's expenditures are greater than peers, which may have limited our ability to find efficiency options for the district.

A lack of written policies, inadequate training, and recent turnover has contributed to the district's weak accounting practices. The district has no written policies or procedures to guide its accounting activities. Because of significant turnover in the district, the board clerk and many senior staff are new to their positions, which compounds the problems associated with a lack of written policies and procedures. Further, the staff member responsible for the district's accounting is also new to the position and has received little training. Finally, the district's current superintendent is the third the district has employed in the last three years, which has contributed to a lack of consistent and appropriate oversight of the district's accounting records.

The Kansas Association of School Boards (KASB) offers a variety of policy development services and could assist the district as it develops its own policies. KASB is a not-for-profit organization that provides services such as training and legal assistance to school districts and other educational organizations. KASB offers model policies in many of the areas we found deficiencies, which could provide significant assistance to the district.

The District Lacks Practices and Policies to Adequately Protect its Assets

Best practices recommend that an organization have policies adequate to protect its assets. This can include policies that require such things as segregation of duties to reduce the likelihood of fraud or a master inventory to monitor assets and prevent theft.

The district has one individual administer all aspects of cash handling, which increases its risk of fraud and abuse. Best practices recommend that the district separate certain cash

handling duties among multiple people. In Attica, the person responsible for processing all the district's financial transactions also has access to blank checks and the signature stamps. As a result, this person could write a check to themselves then sign, cash, and process it without any other person reviewing the transaction. Although segregating duties among multiple people can be difficult in a small district, it can be done. In this case, the blank checks could be in the possession of a district secretary while the accounting can be done by the board clerk. By taking this action, it would require two individuals to act in collusion to commit a fraud.

The lack of these practices puts the district at greater risk of fraud and abuse and reduces the likelihood that such activities would be detected. However, it is important to note that our limited test work did not detect any of these types of fraudulent activities.

The district does not have a functional inventory that allows it to appropriately monitor its physical assets. Best practices recommend the district have an inventory that includes the district's valuable physical assets including computers, vehicles, and other equipment. However, the district does not have such an inventory. Further, we would expect that the district have written policies and procedures to guide how the inventory is compiled and monitored. Although the district has some written policies, they do not include important details like what items should be included in the inventory, who is responsible for compiling the inventory, and who should verify it.

The lack of controls puts the district at greater risk of theft in two ways. First, not having an inventory increases the chance that an employee might try to steal something because they know that nobody is keeping track of the assets (a deterrent risk). Second, it increases the likelihood the district will not actually know when something is missing (a detection risk). Finally, the lack of an inventory puts the districts at greater risk of overspending because the district does not know what it already has.

The district also lacks written procurement card policies, which could result in cards being misused. Best practices recommend that the district have written policies and procedures that describe what items can be purchased with the district's procurement cards, who has access to the cards, and a process for requesting their use. Although, the district has three procurement cards, it does not have policies that govern their use. This puts the district at greater risk for both intentional and inadvertent misuse of those cards.

Finally, the district’s purchasing practices do not ensure prudent use of its financial resources. Best practices recommend that the district have practices such as requiring bids for certain high-dollar items or periodically shopping for the best prices. Further, it is good practice for the district to have written policies and procedures to guide how certain items are purchased. However, we found that the district does not regularly solicit bids or competitively shop to get the best prices. For example, district officials told us they were not sure the district had ever solicited bids for its insurance services. The absence of these practices and any related policies or procedures reduces the district’s opportunities to purchase items in an economical manner and thus puts the district at greater risk of spending more than is necessary.

The District Appears to Have Accepted the Donation of a New Gymnasium Without Considering the Long-Term Cost Obligations

In 2009, the district accepted a donation of a gymnasium that community members built across the street from the school. In 2014, community members donated over \$300,000 to add locker rooms, finish the floor, and add a fitness room. This gymnasium is in addition to the one located in the district’s K-12 school building. Currently, the fitness room is open to community members for a small fee. In return, the city pays 25% of the utility costs of the building.

The district appears to have accepted the donation of the new gymnasium without considering the long-term cost obligations. However, it now has few options for reducing expenditures related to the building. In the 2014-15 school year, the district spent about \$19,000 in utilities and insurance for the gymnasium plus an additional \$5,000 in maintenance costs. Although we examined ways the district could reduce the costs associated with the gym, we were not able to identify any feasible options. Further, because Attica is a very small town, it is unlikely the district could sell the building. As a result, if the district stopped using it it would leave the town with a large vacant building which could upset community members. Although it can be difficult to turn down community donations, it is important that district officials understand any future costs the district will be obligated to cover before accepting them.

***Recommendations for
District Action or
Consideration***

To comply with the requirements of K.S.A. 56-1133:

1. District officials should post a copy of the completed performance audit on the district's website.

Because of the potential for reducing costs or generating revenue with little to no impact on the educational services provided to students, the district should implement the following options:

2. Develop a strategy to bring its IT support costs in line with its peers (page 13).
3. Improve the efficiency of the food service program by taking the following actions:
 - a. eliminate 0.9 FTE food service staff to align current staffing levels with peers (page 14).
 - b. competitively shop or solicit bids from multiple food vendors (page 16).
 - c. evaluate whether purchasing a dishwasher, rather than renting one, is more cost effective (page 16).
 - d. discuss the food service budget with the food service director each year to set clear expenditure and revenue goals (page 16).
4. Reduce the district's building insurance costs by taking the following actions:
 - a. develop policies and procedures that require the district to periodically solicit bids or competitively shop for insurance services (page 17).
 - b. consult with the Kansas Association of School Board's (KASB) property and casualty insurance program for assistance in finding insurance companies that specialize in educational organizations (page 17).
 - c. develop a process that evaluates and compares the long-term financial consequences of insurance rate increases against the district's ability to pay for repairs out-of-pocket (page 17).

5. Generate revenue through use of cash-back procurement cards and strengthen the control over such cards by taking the following actions:
 - a. obtain a cash-back procurement card and develop a strategy to maximize its use (page 18).
 - b. develop written policies and procedures for procurement cards that include a description of what types of items district staff can purchase with the district's procurements cards, how staff can request the use of the card, and who will maintain each card (page 18).

Because of the potential for impact on students or the community the district should consider implementing the following cost savings option:

6. Consider incorporating the district's sixth grade students into the junior high school and eliminating one teacher position (page 19).

To address the accounting and other policy issues we identified the district should implement the following actions:

7. Seek assistance from KASB or KSDE to assess the training needs of new administrative staff and provide training to address any issues identified (page 22).
8. The superintendent should provide oversight of the district's expenditures reports by reviewing them on a periodic basis (page 22).
9. Contact KASB to identify the board's model policies and to solicit any guidance the district needs to create written policies and procedures that include the following:
 - a. the procedures by which the board clerk processes financial transactions and maintains the district's accounting data (page 22).
 - b. the role and responsibility for each person involved in cash handling activities, including how responsibilities will be split among multiple individuals (page 22).
 - c. the process by which the district's physical assets will be inventoried including what items should be included,

whose responsibility it is to compile the inventory, and a process for periodically verifying its accuracy (page 23).

- d. the process by which the district will purchase items or services, including the dollar amount at which bids must be solicited, what services or items the district will bid out for on a periodic basis, and how often those items or services should be put to bid (page 24).

APPENDIX A Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on July 23, 2013. The audit was required under K.S.A. 46-1133.

K-12 Education: Efficiency Audit of Selected School Districts

In recent years, the Legislative Division of Post Audit has conducted several voluntary efficiency audits of school districts. Officials from audited school districts volunteered as a way to help them identify ways they could reduce costs without affecting the education they provide students. Between December 2009 and July 2013, ten school district efficiency audits were conducted. Among other things, these audits found potential savings related to food service programs, custodial staffing, high school scheduling, and consolidating administrative functions into a single building.

During the 2013 legislative session, House Bill 2349—which requires us to conduct three school district efficiency of a small, medium, and large school district each fiscal year—was passed and signed into law. That bill further stipulates that school districts be selected on a voluntary basis first and exempts school districts that have participated in a similar efficiency audit in the previous five years.

This school district performance audit answers the following question:

- 1. Could selected school districts achieve significant cost savings by improving resource management, and what effect would those actions have?** To answer this question, we would select three school districts for review (one small, one medium, and one large), with preference given to districts that voluntarily requested an audit. We would interview district officials, tour facilities, and compare each district's staffing and expenditures to its peers and other relevant benchmarks to identify areas where the district could potentially save money. We would evaluate each district's practices in the areas we identified to see if there are ways the districts could use fewer resources without significantly affecting their ability to educate students. We would perform additional work in this area as necessary.

Estimated Resources: 3 LPA staff
Estimated Time: 6 months (a)

(a) From the audit start date to our best estimate of when it would be ready for the committee

APPENDIX B
Detailed Information about Peer District Selection

This appendix contains demographic information for Attica and the school districts we selected as its peers.

To select peers for the Attica school district, we did two things:

- We calculated the following demographic measures for all Kansas school districts:
 - Total enrollment
 - Percent of students who are eligible for free lunches
 - Percent of students who have limited English proficiency
 - Total assessed property value per student
- We developed a statistical model to identify peer districts that were most similar to the Attica school district based on those measures.

Appendix B					
Demographic Information for the Attica School District and its Peer Districts					
(2014-15 school year)					
USD #	Name	FTE Students	% Free Lunch	% Limited English Proficiency	Assessed Valuation Per Pupil
212	Northern Valley	170	39%	0%	\$87,369
299	Sylvan Grove	221	36%	0%	\$101,630
326	Logan	153	35%	2%	\$112,656
359	Argonia Public Schools	166	32%	0%	\$87,282
384	Blue Valley	180	15%	0%	\$104,038
496	Pawnee Heights	113	22%	4%	\$91,818
511	Attica	155	28%	0%	\$99,441

Source: Kansas State Department of Education (audited).

APPENDIX C

District Response

On June 8, 2016, we provided copies of the draft audit report to Attica school district officials. The district's response is included in this appendix. Following the written response is a table listing the district's specific implementation plan for each recommendation.

District officials generally concurred with the report's findings, conclusions, and recommendations but noted a couple points of disagreement. District officials pointed out that the district's current year IT support expenditures were about \$35,000 which is less than the \$50,000 amount noted in our report. The \$50,000 figure is based on the district's typical IT support expenditures in the previous two years of expenditures. If the district can maintain its lower expenditure level of \$35,000 a year going forward, it will have satisfactorily addressed our recommendation.

Additionally, district officials noted that the superintendent reviews expenditures with its Board of Education on a monthly basis. Although this is a good practice, it does not fully address our concerns. We noted a significant number of recordkeeping errors (see page 21) which could potentially be mitigated through greater oversight by the superintendent of the district's accounting records. Consequently, the superintendent should also review the district's expenditures with the staff responsible for processing these transactions to ensure greater accuracy.

Attica Public Schools

U.S.D. 511
718 N. Main - P.O. Box 415
Attica, Kansas 67009

Dale Adams
Superintendent/K-6 Principal
620-254-7661

Amie Loreg
Clerk
620-254-7915

Josh Lanning
7-12 Principal
620-254-7314



Mr. Scott Frank
Legislative Post Auditor
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 67009

Dear Mr. Frank,

USD 511 acknowledges the receipt of the documents involved with the post legislative audit conducted by your office. In those documents, we are advised to respond with a formal response letter and the completed response matrix document. Please view this letter as our response letter and see the attached document for the response matrix document.

If I can be of any further assistance in this process or answer any questions please let me know. I can be reached by phone at (620) 254-7915.

Sincerely,

A handwritten signature in black ink that reads "Dale Adams".

Dale Adams
Superintendent/Attica Schools

Itemized Response to LPA Recommendations

Audit Title: K-12 Education: Efficiency Audit of the Attica School District
School District: Attica School District

LPA Recommendation	Agency Action Plan
Question 1	
1. District officials should post a copy of the completed performance audit on the district's website.	We plan to post the report.
Because of the potential for reudcing costs or generating revenue with little to no impact on education services provided to students, the Attica school district should implement the following actions:	
2. Develop a strategy to bring its IT support costs in line with its peers.	We believe cost over the past few years are somewhat inflated due to district initiatives, including a technology infrastructure update and a 7-12 one to one program with chromebooks. The audit cites a \$50,000 annual IT labor cost. This fiscal year the 11 month cost is \$35,000. The plan going forward is to obtain more training for the "in house" employee and rely less on the contracted employee.
3. Improve the efficiency of the food service program by taking the following actions:	
a. eliminate 0.9 FTE food service staff to align current staffing levels with peers.	We plan to eliminate .5 FTE next year.
b. competitively shop or solicit bids from multiple food vendors.	We plan to expand shopping and bidding practices next year.
c. evaluate whether purchasing a dishwasher, rather than renting one, is more cost effective.	This will be considered when our maintenance director has the opportunity to research.
d. discuss the food service budget with the food service director each year to set clear expenditure and revenue goals	We will have no problem including Shannon on the Nutrition Services budget line. Also now I have been here a complete year we can also share with her the revenue side from the previous year. This will be easily tracked as this line item along with others that are reviewed monthly at each board meeting.
4. Reduce the district's building insurance costs by taking the following actions:	
a. develop policies and procedures that require the district to periodically solicit bids or competitively shop for insurance services.	Insurance was placed out for bids this year and plan to continue the practice.
b. consult with the Kansas Association of School Board's (KASB) property and casualty insurance program for assistance in finding insurance companies that specialize in educational organizations.	KASB was asked to provide possible vendors this year and plan is to continue.
c. develop a process that evaluates and compares the long term financial consequences of insurance rate increases against the district's ability to pay for repairs out-of-pocket.	This will be discussed by the Board of Education and will work to develop a policy.
5. Generate revenue through use of cash-back procurement cards and strengthen the control over such cards by taking the following actions:	
a. obtain a cash-back procurement card and develop a strategy to maximize its use.	This will be considered only when consistency in staffing and consistant controls are in place.
b. develop written policies and procedures for procurement cards that include a description of what types of items district staff can purchase with the district's procurements cards, how staff can request the use of the card, and who will maintain each card.	Controls will continually be addressed and updated. Credit card use must now be pre-approved by the superintendent. The cards are housed in the high school office and the district office and are used for district and activities according to where they are housed. A purchase order must accompany the use of the district card.

Because of the potential for impact on students or the community the district should consider implementing the following cost savings option:	
6. Consider incorporating the district's sixth grade students into the junior high school and eliminate one teacher position.	The sixth grade will be a part of the middle school next year. The teacher was not eliminated but placed in charge of a new alternative learning program.
To address the accounting and other policy issues we identified, the district <u>should implement</u> the following actions:	
7. Seek assistance from KASB or KSDE to assess the training needs of new administrative staff and provide training to address any issues identified.	KASB and KSDE trainings were attended this year and will be as needed in the future.
8. The superintendent should provide oversight of the district's expenditure reports by reviewing them on a periodic basis.	All expenditures are currently reviewed by the Superintendent and BOE each month at regular board meetings. All purchase order items must be approved by the Superintendent prior to purchase.
9. Contact KASB to identify the board's model policies and to solicit any guidance the district needs to create written policies and procedures that include the following:	
a. the procedures by which the board clerk processes financial transactions and maintains the district's accounting data.	KASB policies are reviewed and approved either annually or semi annually.
b. the role and responsibility for each person involved in cash handling activities, including how responsibilities will be split among multiple individuals.	KASB policies are reviewed and approved either annually or semi annually.
c. the process by which the district's physical assets will be inventoried including what items should be included, whose responsibility it is to compile the inventory, and a process for periodically verifying its accuracy.	We will add these items to the district's inventory policy.
d. the process by which the district will purchase items or services, including the dollar amount at which bids must be solicited, what services or items the district will bid out for on a periodic basis, and how often those items or services should be put to bid.	The district will follow the required bid law and develop policy for other services and dollar amounts.

