

Audit Highlights



Highlights of Legislative Auditor report on the Clark and Washoe County School Districts Performance Audit Preliminary Survey, issued on September 10, 2002. Report # LA02-29.

Purpose of Preliminary Survey

Section 46 of Chapter 570, Statutes of Nevada 2001 (Assembly Bill 672) required the Legislative Auditor to conduct a performance audit preliminary survey of Clark and Washoe County School Districts. This survey included a review of processes, controls, and other activities in place within Clark and Washoe County School Districts during fiscal year 2002. The objective of the survey was to identify potential audit issues in each district. It is intended to assist legislators in selecting future audits in Clark and Washoe County School Districts.

Clark and Washoe County School Districts Performance Audit Preliminary Survey

Potential Audit Issues

Financial Management—Have the districts developed sufficient controls to provide accountability for financial resources?

With districts across the nation facing rising education costs, the need for a sound financial management system is imperative. Financial management includes budgeting, cash management, investments, internal audit, and asset management. To be effective, a financial system should have detailed policies, procedures, and internal controls in place to process the district's business transactions efficiently. Throughout this survey we noted potential weaknesses in these controls over financial management.

Facilities Management—Are construction, maintenance, and facility usage programs properly planned and controlled?

Facilities management includes the planning, use, and construction of new buildings, custodial and grounds services, maintenance of district facilities, and energy management. A program of preventative maintenance helps to keep facility costs down. This is accomplished by giving attention to minor maintenance work before it becomes a major expense. Another expense has been the rising cost of energy. In 2001, the Legislature appropriated \$6.5 million to school districts for assistance in meeting energy costs. Concerns regarding maintenance and energy costs were brought to our attention during this survey.

Personnel Management—Are recruitment and retention efforts of the districts adequate to ensure a qualified staff?

The ability to recruit and retain qualified staff is a concern for school districts throughout the country. Without sound personnel management practices, district goals and missions to provide a quality education to students are greatly limited. Currently, the nation is facing a significant teacher shortage that has forced districts in fast growing states, such as Nevada, to implement aggressive recruitment strategies. In an effort to attract new teachers, the 2001 Nevada Legislature approved \$34 million for teacher bonuses.

District Organization—Do the districts' organizational structures enhance program effectiveness and staff efficiency in the delivery of educational services?

Effective school district management requires an appropriate organizational structure. Administrators should not only have authority to manage their schools, but also a reasonable span of control. In addition, districts should be organized to ensure that the school board and superintendent have effective oversight of the district's financial practices. During recent legislative sessions, concerns were raised over the size and organization of school districts. These concerns prompted legislation requiring reports to address fairness and equity.

Transportation—Are student transportation programs adequately planned to ensure the safe and efficient transportation of students?

Nevada Revised Statutes, Chapter 392 states that districts may provide transportation to students who reside within the school district at such a distance from the school as to make transportation necessary and desirable. Encouraged practices throughout the country include adopting economical replacement cycles for buses, and the use of computer routing software to make bus routes more efficient. Our survey found these practices were not always implemented.

Employee Health Plans—Does the configuration and oversight of the districts' health plans provide adequate benefits programs at a reasonable cost to taxpayers and employees?

During the 2001 Legislative Session, supplemental appropriations of \$13 million were made to assist school districts with health care costs. Of this total, Clark County School District received \$8.2 million and Washoe County School District received \$2.4 million. Districts must provide appropriate oversight for the spending of public funds. Internal control standards stress the importance of having information to monitor performance and allocate resources. In addition, these standards include the importance of reliable financial statements. We found potential weaknesses in the level of oversight provided to health plans.