

# Audit Highlights



Highlights of Legislative Auditor report on the Clark County School District issued January 6, 2005.  
Report #LA04-24.

## Background

Clark County School District (CCSD) is the sixth largest school district in the nation and continues to grow at a rapid pace. The District was restructured into five geographic regions as of July 2001. The geographic regions are the Northwest, Northeast, East, Southwest, and Southeast. The District's student enrollment increased 25% from fiscal year 1999 to 2003. According to information provided by the District, 12 regular schools and 1 alternative school opened during the 2003-2004 school year bringing the total schools operated by the District to 294, excluding charter schools. There are 179 elementary schools, 48 middle schools, 35 high schools, and 32 alternative and special schools.

The District had expenditures of about \$1.73 billion in fiscal year 2003, excluding capital outlays, bond accounts, and internal service funds.

## Purpose of Audit

This audit was required by Chapter 5, Statutes of Nevada 2003, 20<sup>th</sup> Special Session, and was conducted pursuant to the provisions of NRS 218.737 to 218.890. This audit included a review of the District's activities from July 1, 2002 through December 31, 2003. The purpose of the audit was to evaluate the District's operations in six areas: financial management, facilities management, personnel management, transportation, district organization, and employee health plans.

## Audit Recommendations

This report contains 21 recommendations to improve the financial and administrative operations of the Clark County School District. Our report contains two recommendations on financial management to account for all food service costs and improve controls over special appropriation dollars. We also identified seven recommendations to improve the management of the District's facilities. One recommendation was made to consolidate the professional development plan. In addition, we made five recommendations to help operate the Transportation Department more efficiently. The report also has two recommendations concerning the District's organization to enhance accountability to the Board and the public. Finally, we made four recommendations to improve accountability and oversight of the District's employee health plans.

CCSD accepted all 21 recommendations.

## Status of Recommendations

CCSD's 60-day plan for corrective action is due on April 4, 2005. In addition, the six-month report on the status of audit recommendations is due on October 4, 2005.

# Clark County School District

## Results in Brief

The Clark County School District's financial and administrative operations compare favorably to other states' best practices and peer districts. For example, the District collected more federal Medicaid monies than peer districts. Further, a computerized bus routing system and an energy conservation plan implemented several years ago continue to save the District significant money. Nevertheless, opportunities exist for cost savings and increased revenues by implementing more efficient practices. Specifically, food service operations could be less reliant on General Fund support by capturing all costs. In addition, fleet management controls could save over \$1.1 million in future capital expenditures by eliminating under-utilized vehicles.

The District can also improve its professional development by establishing a district-wide training plan to help better coordinate training and ensure qualified employees are maintained. Further, accountability and governance enhancements could occur by the Board periodically assessing its practices and establishing a formal bus replacement policy. Improving its oversight of employee health benefit programs would also strengthen the District's accountability.

## Principal Findings

The District has an effective process to ensure it receives reimbursement for eligible Medicaid services. In fiscal year 2003, it collected over \$11 million in Medicaid reimbursements to pay for the cost of medical and related services provided to eligible students. Opportunities exist in the food service program that would reduce the burden on the General Fund. We identified several direct and indirect costs that were paid by the District's general fund that could be recorded in the food services account. Although the District has sufficient controls in place over most special appropriations approved during the 2001 and 2003 Legislative Sessions, better controls could be implemented over some additional funding to help ensure the monies are used as required.

Although the District's energy conservation plan is effective, it does not address all utilities. The District has made significant efforts to conserve electricity; however, natural gas and water conservation efforts have not received as much attention. The Maintenance Department could improve the information used to track maintenance needs. Currently, the District is unable to track maintenance employee productivity; the tracking of deferred maintenance is limited; and work orders received and processed cannot be tracked by completion and priority status.

We found the District has excellent processes for recruiting, hiring, and inducting employees, however, there are opportunities to improve district-wide professional development.

The Transportation Department has increased its efficiency in bus routing by implementing computerized routing software, a best practice used in other states and the student transportation industry. We reviewed the District's vehicle maintenance system for fiscal year 2004. Our review found about half of the 293 vehicle passenger fleet was driven less than 600 miles a month during the year. District policy bases its vehicle mileage guidance on a mileage rate of 600 per month or 7,200 per year. We estimate the District could save over \$1.1 million in future capital expenditures by eliminating under-utilized vehicles. Further, our review found inventory listings have not been reconciled with vehicles on-hand and inventory records are not always accurate.

The District's staffing and administrative cost ratios vary as compared to five peer districts. According to the National Center for Education Statistics's (NCES) latest information for 2003, the District averaged 19.6 pupils per teacher, while its peers averaged 18.3 pupils per teacher. However, the District ranks in the middle of its peer districts in pupils per administrator at 369.7 students per administrator. Further, according to the NCES's latest finance survey data for 2002, the District had the third lowest administrative cost per student at \$782. The District had 61.7 cents of every dollar going into the classroom, ranking it third highest among its peer districts.

The Teachers Health Trust lacks oversight by CCSD and other governmental agencies. The teachers union sponsors a self-funded health trust for its participants. However, the District has not negotiated with the Trust to obtain appropriate oversight. Further, the Trust, unlike commercial insurance carriers operating in the state of Nevada, has not been subject to oversight by Nevada's Division of Insurance or other entities. As such, not much oversight has occurred with the Trust's health plan, which had revenue of \$83.5 million in fiscal year 2003.