

Audit Highlights



Highlights of Legislative Auditor report on the Washoe County School District issued September 22, 2004. Report #LA04-19.

Background

Washoe County School District (WCSD) is the second largest school district in the State and, according to the National Center for Education Statistics, the 65th largest district in the country for fiscal year 2003. For fiscal year 2004, the WCSD operated 91 schools, excluding charter schools. There are 61 elementary schools, 14 middle schools, 12 high schools, and a special education school. In addition, the District operates Washoe High School (alternative high school), Truckee Meadows Community College High School, and the Regional Technical Institute. During the past 5 years, the District's student enrollment increased 12% to 58,903 in fiscal year 2003.

The District had expenditures of about \$393 million in fiscal year 2003, excluding capital outlays and bond accounts.

Purpose of Audit

This audit was required by Chapter 5, Statutes of Nevada 2003, 20th 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 29 recommendations to improve the financial and administrative operations of the Washoe County School District. Our report contains five recommendations on financial management, including procedures to increase federal revenues and improve food service controls. We also identified six recommendations to improve the management of the District's facilities. Six recommendations were made to help with the recruitment, retention, and training of personnel. In addition, we made six recommendations to help operate the Transportation Department more efficiently. The report also has five recommendations concerning the District's organization to enhance accountability to the Board and the public. Finally, we made one recommendation concerning the District's employee health plans.

WCSD accepted all 29 recommendations.

Status of Recommendations

WCSD's 60-day plan for corrective action is due on December 21, 2004. In addition, the six-month report on the status of audit recommendations is due on June 21, 2005.

Washoe County School District

Results in Brief

The District's financial and administrative operations compare favorably to other states' best practices and peer districts. Further, the District's administrative staffing ratios and costs appear reasonable when compared to other districts' averages, and the District has done a good job in getting more of every dollar spent into the classroom. Despite these efforts, we identified some opportunities for cost savings and increased revenues of about \$3.6 million annually. These opportunities exist because Medicaid reimbursements are not maximized, food service operations could collect more fees, and bus routing could be more efficient. Additional opportunities exist for savings by implementing an energy management plan, better analyzing energy retrofitting contracts, and monitoring vehicle operating information.

The District can also improve its accountability by increasing planning efforts and compiling operational data to manage its personnel resources more effectively. Further, accountability and governance enhancements could occur by continuing to develop a capital improvement plan and expanding the focus of the internal audit section. Developing complete policies and procedures and periodically reviewing them in accordance with Board policy would also strengthen the District's governance.

Principal Findings

The District is not collecting all available Medicaid funding. With improved oversight of the Medicaid reimbursement process, WCSD could realize about \$2 million annually in additional federal revenues. Opportunities also exist for improving the food service program that would reduce the burden on the General Fund. The District could collect about \$300,000 annually by charging a small fee to students that qualify for reduced-price meals. Washoe County School District officials stated the Board of Trustees made the decision not to charge for reduced-price meals over 10 to 15 years ago. However, documentation to support the Board's decision was not provided. We recognize the sensitivity of this issue, but believe the Board needs to formally decide whether to continue the current practice of not charging for reduced-price meals.

Although the District's construction and bond transactions are well documented, the policies and procedures governing this area could be improved to ensure good business practices are followed. Also, the District has made some efforts to be energy conscious, but more work needs to be done. Specifically, the District can improve its planning to achieve greater energy conservation. In addition, some energy conservation agreements were not competitively bid and some did not accomplish significant energy savings.

The Human Resources Division would benefit from a formal recruitment and retention plan. The District also does not currently compile data on the results of its recruitment efforts and the human resources information system does not provide basic data needed by personnel managers to effectively manage operations. Further, the District needs to implement a better district-wide position control system and develop a comprehensive plan regarding district-wide training goals and objectives.

The Transportation Department can increase efficiency in bus routing by using computerized routing software and staggering school start times. They could generate savings to the District of over \$1.3 million annually. Further, the Transportation Department does not have vehicle operating information in a usable format. Maintenance information is in paper files at the various facilities. In addition, historical information prior to August 2003 cannot be loaded to the new database. As such, the Department is unable to determine and analyze vehicle operating costs.

According to the National Center for Educational Statistics' latest information for 2003, the District ranks favorably with its peer districts in administrative staff and teacher per pupil ratios. The District has also done a good job in getting more of every dollar spent into the classroom. For fiscal year 2001, WCSD had 61.3 cents of every dollar going into the classroom, while peer districts averaged 60.1 cents.

The processes used by District staff and others are reasonable to provide good oversight of the health plans. Health coverage represents a considerable cost to the District. As such, oversight by the District is necessary to ensure its fiduciary responsibility to its employees and taxpayers.