

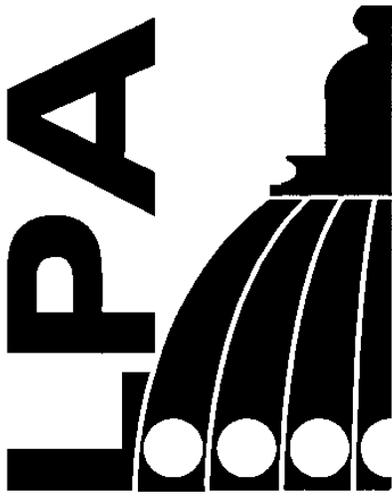
NOTE TO THE READER

In addition to the published report and the audit highlights sheet (below), two other documents are available. Both the Kansas Department of Education and the Garden City School district provided supplemental information in addition to their formal responses. These documents are linked below.

[Supplemental information provided by the Kansas Department of Education](#)

[Supplemental information provided by the Garden City School District](#)

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Legislative Post Audit Performance Audit Report Highlights

K-12 Education: Efficiency Audit of the Garden City School District

April 2017 • R-17-002

QUESTION 1: *What Options Could the Garden City School District Take to Increase Operational Efficiency and Improve the Effectiveness of Their Financial and Information Technology Security Controls?*

Background Information

The Garden City school district is located in southwest Kansas in Finney County.

The district served 7,237 FTE students, employed 1,045 FTE staff, and had \$98.2 million in expenditures in the 2015-16 school year.

Five-year trend data show the district's student enrollment and expenditures per FTE student have increased, while staffing has decreased.

Savings That Would Have Little to No Impact on Students or the Community and Should be Implemented

- The district could potentially save up to \$390,000 annually by implementing various energy saving strategies. (p. 13)
 - The district's electric and natural gas costs were high compared to its peer districts and its own internal goals.
 - The district could implement several monitoring and behavioral actions to reduce its energy costs by up to \$390,000 annually.
 - The district has aging utility and lighting systems, but upgrading those systems would require a significant capital investment.
 - District officials agreed that the district should take steps to reduce energy costs, but had concerns about how to finance any infrastructure upgrades.
- The district could save about \$270,000 to \$330,000 annually by reducing information technology positions. (p. 14)
 - Garden City has significantly more IT staff than its peer districts.
 - We considered several possible factors, including the district's One-to-One initiative and potential differences in job responsibilities across districts, but none of these sufficiently explained why the district has more IT staff than its peers.
 - By centralizing its IT staff, Garden City could reduce up to 8.5 FTE positions and save between \$270,000 and \$330,000 annually.
 - District officials were primarily concerned that reducing its IT staff would negatively affect their ability to provide timely customer service.
- The district could save between \$260,000 and \$470,000 annually by eliminating several custodial positions. (p. 16)
 - Garden City's custodial staffing levels are high compared to a national benchmark published by the National Center for Education Statistics.
 - The district could save between \$260,000 and \$470,000 by bringing its custodial staffing in line with that national benchmark.
 - However, district officials were concerned that reducing custodial positions would make it more difficult to keep buildings clean.

- The district could save between \$175,000 and \$215,000 annually by eliminating several elementary school clerical positions. (p. 17)
 - The district has more elementary clerical positions than three peer districts that appeared to operate more efficiently.
 - The district places an extra clerical staff in most elementary buildings to assist in the lunch room, which contributes to its high staffing.
 - Reducing seven elementary clerical positions would bring the district in line with its peer districts, and could save between \$175,000 and \$215,000 annually.
 - District officials were concerned about how to both staff the lunch room and maintain office coverage.
- The district could save \$30,000 to \$100,000 annually by reducing or eliminating its sick leave buy-back policy. (p. 19)
 - The district buys back unused sick leave from staff who accumulate leave over a certain threshold.
 - Paying staff for unused leave is not a standard policy in peer districts, and the district would save between \$80,000 and \$100,000 annually if it were eliminated.
 - Alternatively, the district could reduce the buy-back payment to be more in line with the few districts that have a similar policy and save between \$30,000 and \$35,000 annually.
 - Although it may not be possible to eliminate the leave buy-back payments for teachers because of their negotiated agreement, eliminating the payment for non-teaching staff could save between \$35,000 and \$45,000 a year.
 - District officials contend the policy helps recruit and retain staff, as well as reducing absenteeism, though we have concerns about its effectiveness.
- The district could save between \$25,000 and \$60,000 annually by changing its policies on cell phones. (p. 20)
 - The district provides about \$66,000 a year in cell phone stipends for some staff.
 - The district could save between \$25,000 and \$30,000 annually by reducing the stipend to the same amount it would cost to provide a cell phone.
 - Alternatively, the district could save between \$50,000 and \$60,000 by eliminating the stipend and only offering district-owned cell phones.
 - District officials were concerned offering district-owned phones would increase administrative oversight and a reduced stipend would not cover the total cost of a cell phone.
- The district could generate one-time revenue of about \$300,000 and up to \$8,000 annually in ongoing savings and revenues by selling a commercial building it uses for storage. (p. 21)
 - The district owns a commercial building that is used to stockpile many old or unused items which could be sold, scrapped, or moved.
 - If the district cleared the items from the commercial building, it could be sold for a one-time revenue of about \$300,000.
 - Selling the building would also generate a small amount of on-going savings and property tax revenues for the district.
 - The district may also be able to generate some additional revenues by selling unused items.

- The district could save money by paying actual mileage for in-district travel rather than a flat stipend. (p. 23)
 - The district spends about \$91,000 annually in mileage stipends to 65 employees for in-district travel.
 - Of the three peers we contacted, two paid actual mileage for in-district travel, while the other paid a stipend like Garden City.
 - Although our data was limited, it appears Garden City could reduce cost by paying for actual mileage rather than a stipend.
 - District officials were concerned about the increased administrative burden of tracking mileage.

Savings That Could Have Moderate Impact on Students or the Community, but Should be Considered

- We did not have any options in this category.

Savings That Could Have a Significant Impact on Students or the Community, but Should be Considered

- The district could save between \$180,000 and \$325,000 annually by closing a small rural school and having those students attend other schools. (p. 26)
 - Because the district implemented school boundaries and consolidated pre-school students into a single school several years ago, the district's elementary and middle schools now have excess capacity.
 - One of the district's rural elementary schools (Jennie Barker) is only a few miles outside the city limits and has declining enrollment.
 - If the district closed the school it could save between \$265,000 and \$375,000 annually.
 - The other elementary schools and intermediate schools have enough capacity to absorb the Jennie Barker students.
 - However, if closure of the Jennie Barker school caused students to leave the district, the district would realize smaller savings.
 - District officials were primarily concerned that closing a building would cause students to leave the district, but also had concerns about the community's reaction to a school closure, and that it may not be advantageous to close a school when the district is seeing enrollment growth of about 2% a year.

Other Findings

- The district lacks comprehensive policies and procedures to adequately protect its assets. (p. 29)
 - The district lacks written policies and procedures that govern cash handling and some purchasing cards.
 - The district does not adequately keep track of its physical assets and procurement cards.
- We also reviewed the district's IT security controls in several areas. We communicated the results of our review of the district's IT security controls to the district in a separate confidential management letter because publicly disclosing the information could jeopardize the district's IT security.

SUMMARY OF RECOMMENDATIONS

We made several recommendations to the Garden City school district to either implement, or consider implementing, the cost savings options we identified. (p. 31)

AGENCY RESPONSE

District officials generally concurred with the findings and indicated they would implement the recommendations in the areas of energy costs, policies and procedures, inventories, selling a building, and disposing of unused items.

District officials disagreed with our findings and indicated they would not implement the recommendations to reduce district costs in the areas of custodial staffing, IT staffing, clerical staffing, phone and mileage stipends, and leave buy back practices. Further, the district indicated it will not consider closing an elementary building, as recommended.

Finally, the district indicated it was still in the process of reviewing the IT security recommendations and therefore had not determined whether it would implement them. (p. 35)

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

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