



# **PERFORMANCE AUDIT REPORT**

## **K-12 Education: Efficiency Audit of the Marais des Cygnes Valley School District**

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
April 2015**

# Legislative Division of Post Audit

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April 28, 2015

To: Members, Legislative Post Audit Committee

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Senator Michael O'Donnell, Vice-Chair  
Senator Anthony Hensley  
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Senator Julia Lynn

This report contains the findings, conclusions, and recommendations from our completed performance audit, *K-12 Education: Efficiency Audit of the Marais des Cygnes Valley 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,

A handwritten signature in black ink, appearing to read 'S. Frank'. The signature is fluid and cursive, with a large, looping 'F'.

Scott Frank  
Legislative Post Auditor

This audit was conducted by Daniel Bryan, Paige Asmann, and Clyde-Emmanuel Meador. 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 Daniel Bryan at the Division's offices.

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# K-12 Education: Efficiency Audit of the Marais des Cygnes Valley School District

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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 2017. Like 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 five years.

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

**1. Could the Marais des Cygnes Valley 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 a variety of steps designed to answer the audit question. We identified 10 peer districts that had similar student demographics (e.g. a similar percentage of free-lunch students) to the Marais des Cygnes Valley school district and compared them on various measures of efficiency. Detailed information about how we selected these peers, as well as the efficiency measures we calculated are included in *Appendix B*. We also interviewed district officials and toured the district's facilities to gain a better understanding of district operations. Where applicable, we compared district operations, controls, and processes to best practices to determine if they were adequate. Finally, we consulted with an experienced Kansas education administrator who provided feedback and guidance on our cost savings options.

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, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the

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

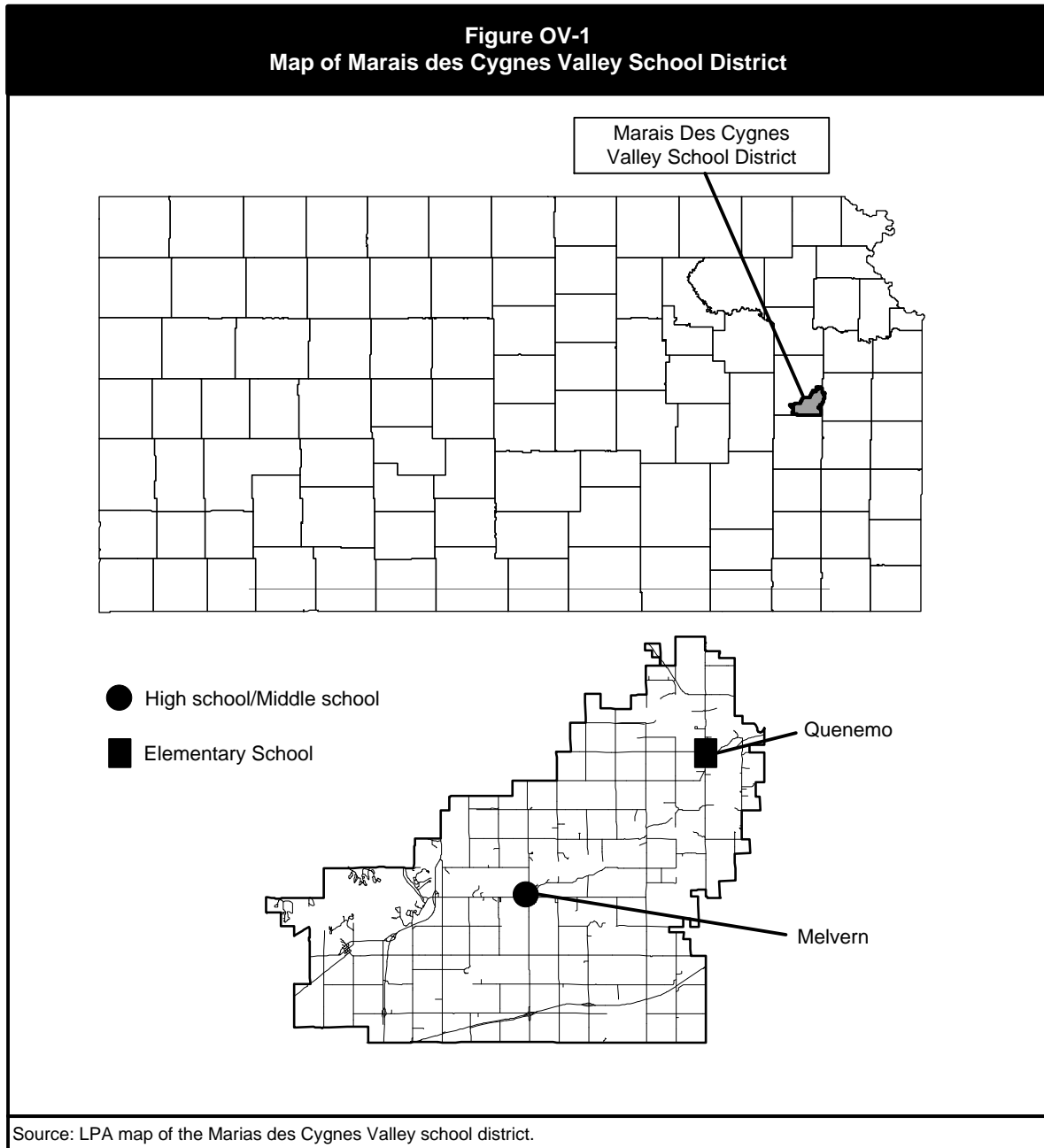
Our work also included a review of the district's internal controls in several areas including its procurement card and cash-handling processes.

Our findings begin on page 7, following a brief overview of the Marais des Cygnes Valley School District.

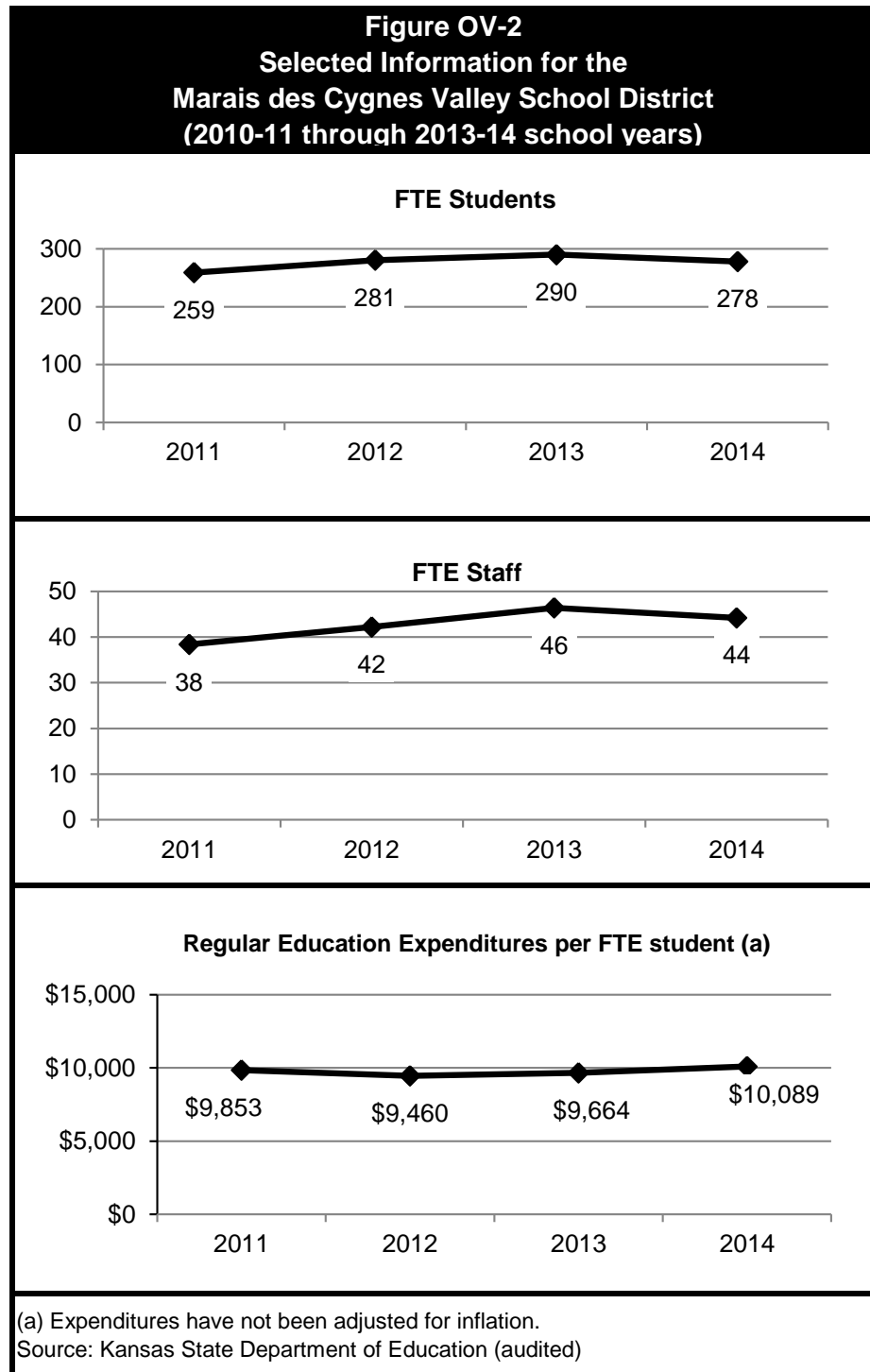
## Overview of the Marais des Cygnes Valley School District

**The Marais des Cygnes Valley School District**  
**Served 278 FTE**  
**Students and Employed**  
**44 FTE Staff in the**  
**2013-14 School Year**

The Marais des Cygnes Valley school district is located in Eastern Kansas, primarily in Osage County. **Figure OV-1** below provides a map of the district. As the figure shows, the district is comprised of two cities: Quenemo is in the northeast part of the district and Melvern is in the southwest part. The district has two school buildings: one elementary school in Quenemo and a middle/high school in Melvern.



During the last four years the Marais des Cygnes Valley school district's student enrollment and staffing levels have increased, but expenditures per full-time-equivalent (FTE) student have remained constant. *Figure OV-2* below shows four-year trends for student enrollment, staffing, and expenditures per FTE student for the Marais des Cygnes Valley School district.



As the figure shows, during the past four years:

- **The district's student enrollment has increased by about 7%.** The district had 278 FTE students for the 2013-14 school year, compared to 259 in 2010-11.
- **The district's staffing levels have increased by about 15%.** The district employed about 44 FTE positions in the 2013-14 school year, compared to 38 FTE positions in 2010-11.
- **The district's regular education expenditures per FTE student have remained relatively constant.** The district spent about \$10,089 per FTE student for the 2013-14 school year compared to \$9,853 in 2010-11.

**Figure OV-3** below summarizes district expenditures for the 2013-14 school year.

<b>Figure OV -3</b>			
<b>2013-14 Expenditures for the</b>			
<b>Marais des Cygnes Valley School District</b>			
<b>Category</b>	<b>Total</b>	<b>\$ Per FTE Student</b>	<b>% of Total</b>
<b>All District Expenditures (a)</b>			
Regular Education	\$2,804,757	\$10,089	79%
Special Education	\$523,148	\$1,882	15%
KPERS (b)	\$182,299	\$656	5%
Other	\$38,113	\$137	1%
<b>Total (d)</b>	<b>\$3,548,317</b>	<b>\$12,764</b>	<b>100%</b>
<b>Expenditures Evaluated in This Audit (c)</b>			
<b>Expenditures by Function</b>			
Instruction	\$1,640,625	\$5,902	58%
Operations & Maintenance	\$379,244	\$1,364	14%
Instruction Support	\$20,694	\$74	1%
School Administration	\$253,799	\$913	9%
Food Services	\$190,184	\$684	7%
Student Support	\$42,410	\$153	2%
Transportation	\$81,094	\$292	3%
District Administration	\$196,707	\$708	7%
<b>Total (d)</b>	<b>\$2,804,757</b>	<b>\$10,089</b>	<b>100%</b>
<b>Expenditures by Object</b>			
Salaries	\$1,880,273	\$6,764	67%
Benefits	\$266,234	\$958	9%
Purchased Services	\$242,150	\$871	9%
Supplies	\$322,587	\$1,160	12%
Other	\$93,513	\$336	3%
<b>Total (d)</b>	<b>\$2,804,757</b>	<b>\$10,089</b>	<b>100%</b>
(a) Totals exclude property and equipment.			
(b) The state pays the employer portion of KPERS for the district.			
(c) Total excludes property and equipment, special education, and certain categories such as construction and debt service.			
(d) Totals may not add due to rounding.			
Source: Kansas Department of Education (audited)			

As the figure shows, total district expenditures for that year were about \$3.5 million. Our analysis focused on \$2.8 million in expenditures in areas such as instruction, operations and maintenance, and school administration. Our analysis excludes special education and property and equipment expenditures throughout the report. 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.

**The Marais des Cygnes Valley school district serves a socio-economically disadvantaged student population. Figure OV-4** below compares the percentage of students who receive free lunches, have limited English proficiency, and the assessed valuation per pupil in the Marais des Cygnes Valley school district to the state average. As the figure shows, the district had 55% of students receiving free lunch, which is 15% above the state average. Similarly, the district's assessed valuation per pupil was about \$10,000 less than the state average of \$66,900.



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

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*The Marais des Cygnes Valley school district appears to operate efficiently compared to its peer districts (p.9). We identified a few opportunities for the district to operate more efficiently and reduce its costs or generate additional revenue. We categorized those options into three groups based on their potential impact on students and the community.*

*First, we identified one option that would have little to no impact on students or the community. We estimated the district could generate \$5,200 in increased revenue annually by switching to a cash-back procurement card and maximizing its usage (p.12).*

*Next, we identified two options that would have a moderate impact on students or the community. The district could save about \$21,000 annually by replacing a full-time teaching position with a paraprofessional (p.13). Additionally, the district could generate about \$18,000 in savings and increased revenue by eliminating free meals for staff and increasing meal prices (p.14).*

*We did not identify any options that would have a significant impact on students or the community. Finally, we found the district lacks adequate policies and procedures for several of its financial controls (p.16).*

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### ***The Marais des Cygnes Valley School District Was Selected for an Efficiency Audit and Reported Taking Many Actions to Reduce Costs During the Last Several Years***

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

When we started the audit, district officials told us they had already taken many actions during the past several years to improve the district's efficiency and reduce costs. Those actions include:

- **The district reduced personnel costs by eliminating some teaching and coaching positions and reducing part-time employee hours.** District officials reported eliminating an elementary teaching position after the individual in that position retired. The district also reported eliminating assistant coaching positions for teams with less than 15 players and reducing an office position to eight hours per week.

- **The district reduced technology costs by eliminating cell phones and increasing the use of online storage.** District officials reported eliminating subsidized cell phones for staff and selecting lower-priced replacement laptops. The district also reported reducing printing costs by increasing online storage and email use.
- **The district took several other cost savings steps.** The district reported other actions such as tracking supplies for efficient purchasing, changing shuttle routes, and outsourcing payroll preparation.

District officials did not track the cost savings for these efficiency actions taken in recent years. We did not perform any audit work to verify these reported actions.

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

We reviewed district operations to identify potential areas where the district could reduce costs or generate revenues. In doing this work we:

- compared Marais des Cygnes Valley's school district expenditures to its peers on a per-student basis. We selected 10 other school districts whose demographics were similar in terms of size, property values, poverty levels, and students who have limited English proficiency. **Appendix B** provides a list of these peer districts. We then compared Marais des Cygnes Valley' school district expenditures on a per-student basis to peer districts to identify potential areas for review.
- surveyed all Marais des Cygnes Valley district staff to identify potential inefficiencies. In total, we received 39 responses for a response rate of 57%. Of those who responded, 97% reported the district operated efficiently or very efficiently.
- interviewed Marais des Cygnes Valley's school district staff and toured school buildings to better understand and observe district operations.
- interviewed officials in other similar Kansas school districts and officials at the Kansas State Department of Education (KSDE).
- consulted with an experienced Kansas public schools administrator to provide feedback on the feasibility and impact of our potential cost savings options.

**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 two 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, eliminating free meals for some staff would not adversely affect student learning.

- **Options that could have a moderate impact on students or the community, but should be considered.** These options will have some effect on student activities or interaction. For example, replacing one teaching position with a paraprofessional would increase the class size for some grades but not to an unreasonable level.
- **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. However, we did not identify any savings in this category for the Marais des Cygnes Valley school district.

District officials raised a number of concerns about the effect many of the cost savings options would 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.

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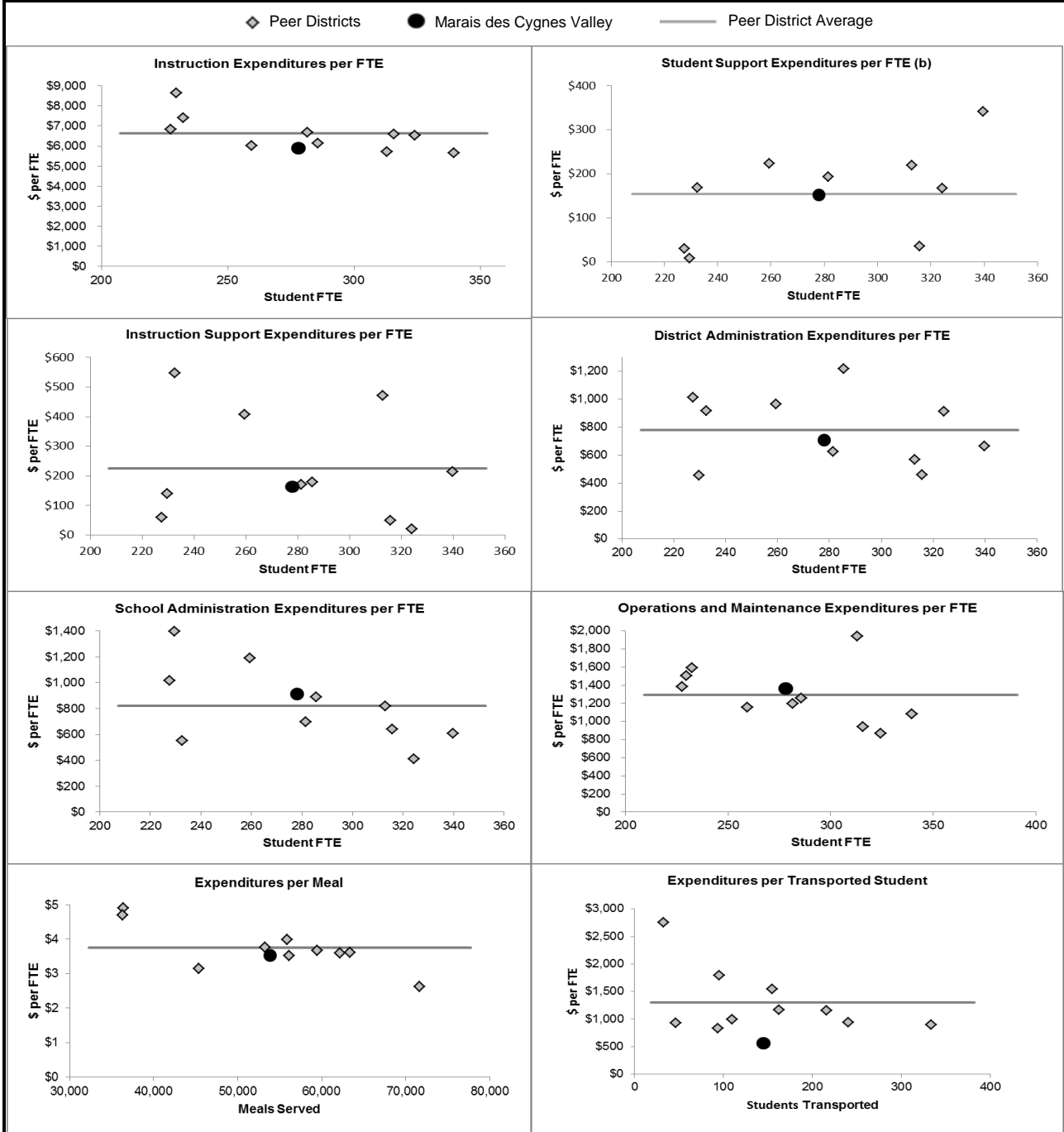
***The Marais des Cygnes Valley School District Appears to Operate Efficiently Compared to its Peer Districts***

As mentioned earlier, we compared the Marais des Cygnes Valley school expenditures and staffing levels to ten of its peer school districts to identify potential inefficiencies.

**The district’s operational expenditures were lower than the peer district’s average in the areas we evaluated.** *Figure 1-1* on page 10 compares Marais des Cygnes Valley to peer districts in eight different areas of regular education and district operations including instruction, district administration, and food service. As the figure shows, Marais des Cygnes Valley does not have significantly higher expenditures per student compared to its peer districts in any of the eight areas. Specifically, the district is lower than the peer average in six areas and only slightly higher in two. This is uncommon based on our previous efficiency audits of school districts—most districts have significantly higher expenditures than their peers in at least one area.

**The district has chosen to operate with fewer financial resources than comparable school districts.** State law allows each school district board to adopt a local option budget of up to 30% of its general fund appropriation or 33% if approved by public vote. In most cases, a district could reduce the burden on local taxpayers by operating more efficiently and lowering its local option budget. However, Marais des Cygnes Valley’s average local option budget percentage of about 17% during the past four years places it in the lowest 10% of all local option budgets statewide. This means the district works with fewer resources than comparable districts.

**Figure 1-1**  
**Operating Expenditures Per FTE Student for the Marais des Cygnes Valley School District and Its Peers (a)**  
**(2013-14 School Year)**



(a) Data does not include special education or property and equipment costs

(b) Osborne County was excluded because they had substantially higher expenditure per FTE which was likely caused by a data reporting error.

Source: Kansas State Department of Education (audited)

**The district's lower spending does not appear to have adversely affected student performance.** Having lower expenditures per student than peer districts does not necessarily represent efficiency if it also results in lower student outcomes. We compared Marais des Cygnes Valley's percent of students that

meet or exceed standard proficiency scores for math, science, and reading to its peers and to the state average. Our comparisons were based on the 2012-13 school year, and showed that:

- **Marais des Cygnes Valley does not underperform its peers in reading, math, and science.** We looked at elementary and secondary school reading and math scores. On average, 90% of Marais des Cygnes Valley students met both reading and math standards compared to 86% of peer districts. Also, 90% of Marais des Cygnes Valley students met science standards which matches the 90% of peer districts' students.
- **Additionally, the district did not have any significant areas of underperformance in previous years.** We evaluated reading, math and science scores for Marais des Cygnes Valley and its peers from 2007-08 to 2011-12. There was some variation in outcomes between subjects from year to year but the district was generally at or above the peer average from 2007-08 to 2011-12.

**Almost all district staff we surveyed reported that the district operates in an efficient manner.** We sent a survey to all 69 district staff to collect their opinions on how efficiently the district operates. Additionally, we asked them to identify areas where the district could operate more efficiently. We received 39 responses for a response rate of about 57%. Of those who responded, 97% said the district operated efficiently or very efficiently.

**Because the district already appears to be operating efficiently in the areas we audited, we found limited options for increased efficiency.** We found three areas the district could potentially generate savings or revenue. These areas are addressed below.

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

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The options presented in this section likely would have little to no impact on students or the community. For example, eliminating free meals for some staff would not affect students' educational experience.

**Figure 1-2** on page 12 summarizes the cost savings and revenue enhancements in this category. As the figure shows, the district could achieve about \$5,200 in total increased revenues if it switched purchases to a cash-back procurement card. The figure also lists district officials' concerns, as well as our assessment of those concerns.

**Figure 1-2**  
**Summary of Cost Savings or Revenue Generating Options for the Marais des Cygnes Valley School District**  
**With a Low Impact on Students or the Community**

Option	Annual Cost Savings/ Increased Revenues		School District Officials' Concerns	LPA Assessment of District Officials' Concerns
Switch to a cash-back purchasing card and maximize usage	\$3,500	\$5,200	District officials told us that the board prefers purchase orders and vouchers, and prefers to limit purchasing card use.	Cards can be split among more employees to keep procurement card limits lower. The board can review card statements and documentation in the same way it currently reviews purchase orders to help mitigate the district's risk.
<b>Total District Savings</b>	<b>\$3,500</b>	<b>\$5,200</b>		

Source: LPA analysis of audited district and KSDE data and interviews with district officials.

***The District Could Generate up to \$5,200 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 district currently has two procurement cards—one is assigned to the superintendent and the other is assigned to the board clerk.

**If the district used procurement cards with a cash-back rebate and maximized their use it could generate up to \$5,200 in revenue annually.** Currently the district does not use any cards with a cash-back rebate. District officials estimate that 75% of its supplies could be purchased with procurement cards, which would generate about \$3,500 in annual revenue. If the district could further extend the use of its procurement cards and use them for 50% of its purchased services it could generate about \$1,700 in additional annual revenue. Purchased services include professional, repair, and insurance services.

**District officials would need to restructure the district’s current procurement card arrangement and strengthen existing controls to implement this cost savings option.** Since the district’s current procurement card program does not provide a cash back incentive, the district would need to switch to another program, such as the state’s purchasing card program. Also, purchasing 75% of supplies and 50% of purchased services would exceed the district’s credit limits for its current cards. Therefore, the district would need to increase card limits or separate purchases among more cards. During our control work, we also identified some weaknesses in the districts controls for procurement cards which should be corrected before expanding card use (see page 16 for a review of the controls). District officials told us that the board prefers purchase orders, but that this action was possible.

**SAVINGS THAT WOULD HAVE MODERATE IMPACT ON STUDENTS OR THE COMMUNITY AND SHOULD BE CONSIDERED**

The option presented in this section could have a moderate impact on students or the community. For example, replacing a certified teaching position with a paraprofessional would potentially increase class sizes.

*Figure 1-3* below summarizes the cost savings in this category. As the figure shows, the district could achieve between \$35,000 and \$39,000 in savings and increased revenue if it chose to implement all options. Those options include:

- Replace a full-time teaching position with a paraprofessional
- Eliminate most free meals for staff and increase meal prices

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 Marais des Cygnes Valley School District**  
**With a Moderate Impact on Students or the Community**

Option	Annual Cost Savings/ Increased Revenues		School District Officials' Concerns	LPA Assessment of District Officials' Concerns
Replace a full-time teaching position with a paraprofessional (a)	\$21,000		While the action is possible, district officials said the curriculum would be hurt by this action. However, as staff leave the district they will consider eliminating one elementary teaching position or replacing the position with a paraprofessional.	The district should weigh the potential cost savings achieved through this action against its potential effect on the district's curriculum.
Eliminate free meals for staff and increase meal prices	\$14,000	\$18,000	Providing free meals to employees is a board decision and the effect of meal price increases will be limited by the high free and reduced lunch population.	The board may want to revisit this decision in the future. Our cost savings estimate is based on revenues generated through paid student lunch and excludes free and reduced price lunches.
<b>Total District Savings</b>	<b>\$35,000</b>	<b>\$39,000</b>		

(a) Additionally, the state would save around \$3,000 annually in KPERS contributions if the district took this action.  
Source: LPA analysis of audited district and KSDE data and interviews with district officials.

*The District Could Save About \$21,000 Annually by Replacing a Full-Time Teaching Position with a Paraprofessional*

**The district could eliminate a full-time teaching position performing paraprofessional duties to generate about \$21,000 in annual savings.** Currently, Marais des Cygnes Valley has one full-time equivalent teaching position assigned mostly to supporting elementary grades and additional services for some students.

- **The district shares the teaching duties of 4<sup>th</sup> and 5<sup>th</sup> grades among 3.0 FTE teachers.** Due to an unusually high enrollment in 2012, the district restructured teaching assignments to create another 5<sup>th</sup> grade class. Once this student cohort moved on, the district chose to keep all three teachers within those grades and let them share the teaching duties of 4<sup>th</sup> and 5<sup>th</sup> grade. For example, one teacher teaches English for both 4<sup>th</sup> and 5<sup>th</sup> grade.

- **When not teaching 4<sup>th</sup> or 5<sup>th</sup> grade, the teachers have other duties assisting students or other classrooms.** These teachers assist in Tier 3 MTSS (multi-tiered system of supports) which are individual interventions with students. One teacher also assists the 1<sup>st</sup> grade teacher because they have a large number of students.
- **As a result, the district currently has 1.0 FTE teacher assigned to other duties that could be performed by a paraprofessional.** Additionally, we noted that the district has another large cohort of students currently in 1<sup>st</sup> grade. However based on a preliminary assessment of class sizes eliminating the teaching position could create class sizes of 23 students per teacher. While large, this class size does not seem unreasonable given that other districts operate with classes of this size and there will be an additional paraprofessional to assist. The average teacher salary including benefits for these teaching positions is about \$45,000 compared to \$24,000 paid for the average paraprofessional position.

**District officials confirmed that a paraprofessional could perform these duties and said they would consider adjusting staffing levels.** District officials said they think providing Tier MTSS with a paraprofessional would hurt the quality of the curriculum. However, officials said that as staff leave the district they will consider eliminating one elementary teaching position or replacing the position with a paraprofessional.

**The state would also save about \$3,000 in KPERS funding by eliminating this teaching position.** The state pays for the employer's share of KPERS benefits for school districts. Any changes in staffing or operations will likely take place in the next school year. For school year 2015-16, the state is scheduled to contribute an amount to KPERS equal to about 13% of an employee's salary. When savings are achieved through a reduction in district staff salaries, there is a subsequent reduction in the employers' KPERS contribution.

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***The District Could Generate Up to \$18,000 in Savings and Increased Revenue by Eliminating Free Meals for Staff and Increasing Meal Prices***

**The district transferred \$33,000 from its general fund to food service in school year 2013-14 because its food service operations were not self-sufficient.** It is not uncommon for small and medium-sized districts to have difficulty making their food service program self-sufficient. Eight of ten peer district transferred an average of about \$32,000 into food service operations. The other two districts did not transfer any money.

If a food service program's expenditures exceed its revenues, district officials must transfer money from the general fund (which could be used in any area of the school) into the food service fund (which can only be used for food service) to cover the difference. If the district could reduce its transfer amount, that money could be used to cover other district expenditures.

**The district could reduce the need to transfer about \$11,000 to \$15,000 to its food service program by eliminating free meals provided to district staff.** The district offers free meals to all employees including food service staff, janitors, and teachers on the condition that they eat in the school cafeteria. While offering free meals to some staff is a common practice in school districts, it is not required. In the 2013-14 school year, the district provided 94% of staff breakfasts and 89% of staff lunches for free.

If the district stopped providing free meals, it would save between \$11,000 and \$15,000 in costs or would generate that amount of revenue by charging employees for the meals. Our estimate factors in the off-setting cost of compensating staff to monitor student meals. The district could hire part-time paraprofessionals for about \$7,000 per year or provide free meals only to monitors for about \$3,000 per year. Our estimate also assumes that the price of these meals is a reasonable reflection of their cost.

**The district could generate an additional \$3,000 in revenue by bringing its student and staff meal prices in line with its peer districts.** Like its peer school districts, Marais des Cygnes Valley varies its breakfast and lunch prices by elementary students, middle school students, high school students, and adults.

- **The district lags by an average of \$0.23 behind the average meal prices charged by its peers.** Although the district has raised its meal prices in recent years, its average breakfast price of \$1.40 is about \$0.20 lower than its peers and its lunch price of \$2.40 is about \$0.25 lower.
- **Increasing meal prices—primarily high school and middle school lunch prices—could generate an additional \$3,000 in annual revenue.** Increasing high school lunch prices from \$2.20 to \$2.45 could generate an additional \$1,100 in revenue each year. Similarly, raising middle school lunch prices from \$2.20 to \$2.40 would generate about \$800 in additional annual revenue. Increasing all other meal prices such as high school breakfast and adult breakfast would generate about \$1,300.

Several potential barriers could limit how much additional meal revenue the district could generate. Increasing prices of meals will likely not be popular with the district's community. Additionally, our calculation of savings is based on a one-time price increase. However, the district may need to implement the meal price increases we suggest over several years. District officials said providing free meals to employees was a board decision and that the high number of students receiving free or reduced lunch may reduce the impact of this action, but that eliminating the free meals is possible.

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## OTHER FINDINGS

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*The District Lacks Adequate Policies and Procedures for Several of Its Financial Controls*

**The superintendent's procurement card purchases are not reviewed and approved.** The district had two purchasing cards. One is assigned to the board clerk and has adequate controls. The other is assigned to the superintendent as lacks adequate controls as noted below.

- **The school district board members do not review and approve purchases made by the superintendent.** The superintendent is allowed to make purchases without prior approval or review by school board members. Although other district staff pay the bill and reconcile the statement for purchases for the superintendent's card, they are not in position to approve the purchases. Additionally, the district's written policies did not address approval or review for this card or the board office procurement card.
- **Inadequate review and approval of procurement card purchases increase the risk of misuse.** Our 2001 audit of school district procurement cards found that a former superintendent in the Haysville school district was able to misuse the district's procurement card because of lax procedures and oversight. Specifically, he did not turn in receipts and his purchases were not reviewed by anyone of higher authority. Purchases he made came into question during school board elections and he was subsequently fired by the school board.
- **We did not identify any questionable transactions based on our review of several purchases made on this card.** We reviewed a judgmental sample of three credit card statements. We looked for a potential misuse of those cards including purchases from inappropriate vendors or at inappropriate locations. Our sample statements appeared reasonable, so we selected a small sample of five transactions for detailed review. We then evaluated purchase order invoices, receipts, and other documentation but did not identify any questionable transactions.

**The district has inadequate procedures and no policies for processing cash transactions.** The district does not adequately separate duties and does not have written policies for handling \$170,000 in school-related payments made in the 2013-14 school year. Cash transactions for the district include school staff collecting money for meals and enrollment fees. Good cash handling procedures consist of a separation of duties when collecting, depositing, and reconciling payments.

The same staff member at each school is typically responsible for collecting payment, issuing a receipt, preparing the deposit, and reconciling the bank statement. Because there is no separation of duties, the district is vulnerable to theft by the person responsible for processing cash transactions. Additionally, the district's written policies did not address cash handling procedures.

**The district appears to have adequate procedures in other financial areas but lacks written policies.** The district's written policies did not address payroll, purchasing, or overtime, and incompletely addressed inventory. However, it appears that the district has adequate separation of duties and adequate controls in these areas. For example, the district outsources payroll, separates approval and purchasing duties, and limits and controls overtime.



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

To comply with the requirements of K.S.A. 46-1133:

1. The district should post a copy of the completed performance audit on its website.

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

2. Switch to a cash-back procurement card and develop a strategy to maximize the cash-back potential of district purchases (page 12).

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

3. Consider replacing a certified elementary teaching position with a non-certified paraprofessional (page 13).
4. Eliminate free meals for staff and increase meal prices to the peer average to reduce the transfer of general fund revenue to food service operations (page 14).

To reduce the risk of fraud and abuse, the district should implement the following financial controls:

5. Develop and implement appropriate procurement card policies that address separating the duties of approving, purchasing, receiving, and reconciling purchases between at least two employees. Additionally, all procurement card purchases made by the superintendent should receive prior approval and review by the district board (page 16).
6. Develop and implement appropriate cash handling policies and procedures for meal and enrollment payments to include separating the duties of receiving, receipting, depositing, and reconciling payments (page 16).
7. Develop written policies and procedures to reflect the established process for handling payroll, purchasing, inventory, and overtime (page 17).



## APPENDIX A Scope Statement

Legislative Post Audit randomly selected the Marais des Cygnes Valley School district for an efficiency audit in September 2014. This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit. 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, 10 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 audits 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:** 8 months (a)

*(a) From the audit start date to our best estimate of when all three audits would be ready for the committee.*



**APPENDIX B**  
**Detailed Information about Efficiency Measures**  
**Used to Compare the Marais des Cygnes Valley School District to Its Peers**

This appendix contains a description of the methodology we used to select the peer districts we compared the Marais des Cygnes Valley school district to along with the information for each of the districts.

**Peer Selection**

To select peers for the Marais des Cygnes Valley school district, we identified demographic measures for all Kansas school districts. These included:

- Total FTE student 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 then developed a statistical model to identify peer districts that were most similar to the Marais des Cygnes Valley school district based on those measures. The list of Marais des Cygnes Valley’s peers is included below.

**Peer Comparison**

To compare Marais des Cygnes Valley against its peers we calculated a variety of efficiency measures for each district. We focused on eight functional areas: instruction, district administration, school administration, instructional support, student support, operations and maintenance, food service, and transportation. We looked at 2013-14 expenditures, enrollment, and staffing data for each of these areas. We used that data to calculate our primary unit of measurement which was cost per student. We looked at total expenditures per student but also at expenditures categories such as salaries, purchased services, and supplies. We also looked at total staff in each area and staff per 500 students. Our calculations for the Marais des Cygnes Valley school district and its peers are included in this appendix below.

<b>Demographic Information for the Marais des Cygnes Valley School District and Its Peers (2013-14 school year)</b>					
USD #	Name	FTE Students	% Free Lunch	% Limited English Proficiency	Assessed Valuation Per Pupil
456	Marais Des Cygnes Valley	278	55%	0%	\$56,860
110	Thunder Ridge Schools	228	44%	0%	\$69,051
256	Marmaton Valley	282	46%	0%	\$58,421
282	West Elk	316	47%	0%	\$63,238
286	Chautauqua Co Community	340	50%	0%	\$65,300
334	Southern Cloud	230	49%	0%	\$90,089
369	Burrton	233	51%	3%	\$83,470
392	Osborne County	286	50%	0%	\$78,557
393	Solomon	324	42%	0%	\$68,954
398	Peabody-Burns	260	47%	0%	\$92,776
462	Central	313	47%	0%	\$42,435
Source: Kansas State Department of Education (audited).					

**Appendix B  
2013 - 2014 Operating Expenditures Per FTE Student for  
the Marais des Cygnes Valley School District and its Peers**

MEASURES (a)	School Districts											
	Thunder Ridge Schools (USD 110)	Southern Cloud (USD 334)	Burton (USD 389)	Peabody-Burns (USD 398)	Marais Des Cygnes Valley (USD 456)	Marmaton Valley (USD 256)	Osborne County (USD 392)	Central (USD 462)	West Elk (USD 282)	Solomon (USD 393)	Chataqua Co Community (USD 286)	
Enrollment FTE	228	230	233	260	278	282	286	313	316	324	340	
<b>Instruction</b>												
<b>Per Student Expenditures Breakdown</b>												
Salaries	\$ 5,222	\$ 5,320	\$ 5,696	\$ 4,664	\$ 4,659	\$ 4,419	\$ 4,439	\$ 4,248	\$ 4,908	\$ 4,680	\$ 4,306	
Employee Benefits	\$ 1,039	\$ 1,935	\$ 1,223	\$ 889	\$ 521	\$ 1,809	\$ 1,237	\$ 737	\$ 1,170	\$ 1,134	\$ 889	
Purchased Services	\$ 256	\$ 1,011	\$ 9	\$ 196	\$ 287	\$ 52	\$ 140	\$ 407	\$ 136	\$ 323	\$ 123	
Supplies	\$ 181	\$ 345	\$ 385	\$ 243	\$ 212	\$ 255	\$ 252	\$ 319	\$ 358	\$ 401	\$ 329	
Other	\$ 141	\$ 16	\$ 97	\$ 31	\$ 222	\$ 140	\$ 84	\$ 12	\$ 27	\$ -	\$ 14	
Expenditures per FTE Student	\$ 6,838	\$ 8,627	\$ 7,410	\$ 6,023	\$ 5,902	\$ 6,674	\$ 6,151	\$ 5,723	\$ 6,600	\$ 6,539	\$ 5,661	
<b>Staffing Information</b>												
Total Instruction Staff	25.5	35.5	34.3	29.0	26.2	33.0	28.6	29.4	30.2	33.0	29.0	
# staff/500 students	56.0	77.3	73.8	55.9	47.1	58.6	50.1	47.0	47.8	50.9	42.7	
<b>Student Support</b>												
<b>Per Student Expenditures Breakdown</b>												
Salaries	\$ 27	\$ 5	\$ 145	\$ 130	\$ 111	\$ 117	\$ 244	\$ 185	\$ -	\$ 149	\$ -	
Employee Benefits	\$ 3	\$ -	\$ 11	\$ 31	\$ 9	\$ 73	\$ 102	\$ 9	\$ -	\$ 12	\$ -	
Purchased Services	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ 2	\$ 239	\$ 9	\$ 33	\$ 4	\$ 278	
Supplies	\$ -	\$ 3	\$ 12	\$ 22	\$ 3	\$ -	\$ 2	\$ 7	\$ 3	\$ 3	\$ 2	
Other	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 1	\$ 1	\$ 10	\$ 1	\$ -	\$ 61	
Expenditures per FTE Student	\$ 30	\$ 8	\$ 168	\$ 223	\$ 153	\$ 193	\$ 588	\$ 220	\$ 36	\$ 167	\$ 341	
<b>Staffing Information</b>												
Total Student Support Staff	3.0	0.4	1.0	1.0	1.0	1.0	2.0	2.7	5.0	2.5	2.0	
# staff/500 students	6.6	0.9	2.2	1.9	1.8	1.8	3.5	4.3	7.9	3.9	2.9	
<b>Instruction Support (b) (c) (d)</b>												
<b>Per Student Expenditures Breakdown</b>												
Salaries	\$ 3	\$ 83	\$ 346	\$ 285	\$ -	\$ 106	\$ 91	\$ 322	\$ -	\$ -	\$ 134	
Employee Benefits	\$ 1	\$ 5	\$ 58	\$ 41	\$ 2	\$ 56	\$ 48	\$ 32	\$ -	\$ -	\$ 72	
Purchased Services	\$ 10	\$ -	\$ 106	\$ 61	\$ 43	\$ -	\$ 17	\$ 50	\$ 11	\$ -	\$ 3	
Supplies	\$ 25	\$ 53	\$ 26	\$ 20	\$ 20	\$ 8	\$ 23	\$ 67	\$ 24	\$ 20	\$ 5	
Other	\$ 21	\$ -	\$ 11	\$ -	\$ 10	\$ -	\$ -	\$ 1	\$ 14	\$ -	\$ -	
Expenditures per FTE Student	\$ 59	\$ 141	\$ 547	\$ 407	\$ 74	\$ 171	\$ 179	\$ 472	\$ 49	\$ 20	\$ 214	
<b>Staffing Information</b>												
Total Inst. Support Staff	1.0	2.0	2.0	1.0	1.0	2.0	1.3	2.0	1.7	2.0	1.6	
# staff/500 students	2.2	4.4	4.3	1.9	1.8	3.6	2.3	3.2	2.7	3.1	2.4	
<b>District Administration</b>												
<b>Per Student Expenditures Breakdown</b>												
Salaries	\$ 369	\$ 294	\$ 502	\$ 644	\$ 462	\$ 291	\$ 756	\$ 425	\$ 256	\$ 490	\$ 390	
Employee Benefits	\$ 201	\$ 20	\$ 47	\$ 144	\$ 119	\$ 63	\$ 296	\$ 49	\$ 27	\$ 41	\$ 153	
Purchased Services	\$ 328	\$ 93	\$ 172	\$ 120	\$ 78	\$ 188	\$ 87	\$ 60	\$ 108	\$ 299	\$ 6	
Supplies	\$ 19	\$ 48	\$ 48	\$ 15	\$ 1	\$ -	\$ 35	\$ 33	\$ 22	\$ 4	\$ 6	
Other	\$ 97	\$ -	\$ 149	\$ 42	\$ 47	\$ 83	\$ 43	\$ -	\$ 47	\$ 79	\$ 111	
Expenditures per FTE Student	\$ 1,014	\$ 455	\$ 917	\$ 965	\$ 708	\$ 626	\$ 1,216	\$ 567	\$ 460	\$ 913	\$ 666	
<b>Staffing Information</b>												
Total District Admin. Staff	2.0	3.0	4.0	4.0	2.9	3.0	2.4	4.0	4.0	4.0	3.0	
# staff/500 students	4.4	6.5	8.6	7.7	5.2	5.3	4.2	6.4	6.3	6.2	4.4	
<b>School Administration</b>												
<b>Per Student Expenditures Breakdown</b>												
Salaries	\$ 791	\$ 1,098	\$ 449	\$ 955	\$ 737	\$ 443	\$ 621	\$ 646	\$ 546	\$ 348	\$ 510	
Employee Benefits	\$ 141	\$ 61	\$ 50	\$ 162	\$ 138	\$ 217	\$ 240	\$ 84	\$ 64	\$ 26	\$ 86	
Purchased Services	\$ 62	\$ 219	\$ 24	\$ 49	\$ 23	\$ 31	\$ 19	\$ 42	\$ 17	\$ 25	\$ 8	
Supplies	\$ 11	\$ 2	\$ 4	\$ 21	\$ 16	\$ 2	\$ 8	\$ 44	\$ 12	\$ 11	\$ 2	
Other	\$ 9	\$ 15	\$ 25	\$ 1	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 3	\$ 1	
Expenditures per FTE Student	\$ 1,015	\$ 1,396	\$ 552	\$ 1,188	\$ 913	\$ 695	\$ 889	\$ 816	\$ 639	\$ 412	\$ 607	
<b>Staffing Information</b>												
Total School Level Staff	2.0	6.0	3.0	6.0	4.5	4.0	3.6	3.0	2.9	4.0	4.0	
# staff/500 students	4.4	13.1	6.5	11.6	8.1	7.1	6.3	4.8	4.6	6.2	5.9	

**Appendix B (con't)**  
**2013 - 2014 Operating Expenditures Per FTE Student for**  
**the Marais des Cygnes Valley School District and its Peers**

MEASURES (a)	School Districts										
	Thunder Ridge Schools (USD 110)	Southern Cloud (USD 334)	Burton (USD 369)	Peabody-Burns (USD 398)	Marais Des Cygnes Valley (USD 456)	Marmaton Valley (USD 256)	Osborne County (USD 392)	Central (USD 462)	West Elk (USD 282)	Solomon (USD 393)	Chataqua Co Community (USD 286)
<b>Operations and Maintenance</b>											
<b>Per Student Expenditures Breakdown</b>											
Salaries	\$ 537	\$ 374	\$ 557	\$ 239	\$ 375	\$ 295	\$ 395	\$ 655	\$ 353	\$ 483	\$ 356
Employee Benefits	\$ 143	\$ 25	\$ 136	\$ 56	\$ 100	\$ 160	\$ 177	\$ 137	\$ 26	\$ 35	\$ 87
Purchased Services	\$ 143	\$ 506	\$ 237	\$ 419	\$ 440	\$ 357	\$ 166	\$ 488	\$ 233	\$ 221	\$ 223
Supplies	\$ 557	\$ 603	\$ 658	\$ 445	\$ 431	\$ 378	\$ 520	\$ 662	\$ 272	\$ 128	\$ 413
Other	\$ 4	\$ -	\$ 3	\$ -	\$ 19	\$ 4	\$ -	\$ -	\$ 56	\$ -	\$ 6
Expenditures per FTE Student (a)	\$ 1,383	\$ 1,507	\$ 1,590	\$ 1,159	\$ 1,364	\$ 1,193	\$ 1,258	\$ 1,943	\$ 940	\$ 867	\$ 1,084
<b>Staffing Information</b>											
Total Ops. & Maint. Staff	5.0	4.0	4.0	4.0	3.2	4.1	5.0	5.8	5.0	6.0	4.0
# staff/500 students	11.0	8.7	8.6	7.7	5.8	7.3	8.8	9.3	7.9	9.3	5.9
<b>Food Service</b>											
<b>Per Student Expenditures Breakdown</b>											
Salaries	\$ 328	\$ 310	\$ 322	\$ 176	\$ 231	\$ 284	\$ 205	\$ 224	\$ 243	\$ 251	\$ 224
Employee Benefits	\$ 29	\$ 24	\$ 94	\$ 21	\$ 51	\$ 151	\$ 61	\$ 62	\$ 15	\$ 19	\$ 66
Purchased Services	\$ 5	\$ -	\$ 14	\$ -	\$ 1	\$ -	\$ 2	\$ 11	\$ 14	\$ 3	\$ 9
Supplies	\$ 505	\$ 403	\$ 338	\$ 354	\$ 399	\$ 366	\$ 427	\$ 395	\$ 313	\$ 412	\$ 354
Other	\$ 13	\$ 7	\$ 1	\$ -	\$ 2	\$ 12	\$ -	\$ 4	\$ 10	\$ 3	\$ 5
Total Expenditure per Student	\$ 880	\$ 744	\$ 768	\$ 551	\$ 684	\$ 813	\$ 694	\$ 696	\$ 596	\$ 688	\$ 659
<b>Staffing Information</b>											
Total Food Service Staff	5.0	5.0	3.0	3.0	4.1	5.0	2.8	2.6	3.4	4.5	5.4
# staff/500 students	11.0	10.9	6.5	5.8	7.4	8.9	4.9	4.2	5.4	6.9	7.9
Expenditures per Meal	\$ 4	\$ 5	\$ 5	\$ 3	\$ 4	\$ 4	\$ 4	\$ 4	\$ 3	\$ 4	\$ 4
<b>Transportation</b>											
<b>Per Transported Student Expenditures Breakdown</b>											
Salaries	\$ 608	\$ 43	\$ 1,382	\$ 30	\$ 363	\$ 374	\$ 777	\$ 491	\$ 405	\$ 472	\$ 677
Employee Benefits	\$ 83	\$ 42	\$ 116	\$ 2	\$ 34	\$ 355	\$ 402	\$ 118	\$ 46	\$ 36	\$ 123
Purchased Services	\$ 419	\$ 280	\$ 645	\$ 80	\$ -	\$ 22	\$ 119	\$ 52	\$ 60	\$ 211	\$ 92
Supplies	\$ 296	\$ 562	\$ 596	\$ 379	\$ 149	\$ 392	\$ 489	\$ 250	\$ 373	\$ 264	\$ 274
Other	\$ 139	\$ -	\$ 15	\$ 338	\$ 13	\$ 10	\$ 3	\$ 32	\$ 14	\$ 12	\$ 2
Total Expenditure per Student	\$ 1,049	\$ 186	\$ 391	\$ 300	\$ 292	\$ 884	\$ 599	\$ 725	\$ 949	\$ 337	\$ 559
Total Expenditure per Transported Student	\$ 1,544	\$ 927	\$ 2,753	\$ 828	\$ 559	\$ 1,152	\$ 1,790	\$ 944	\$ 897	\$ 994	\$ 1,168
<b>Staffing Information</b>											
Total Transportation Staff	0.5	4.0	4.0	6.0	1.3	6.0	3.0	3.9	4.7	3.9	7.0
# staff/per 500 transported students	1.1	8.7	8.6	11.6	2.3	10.7	5.3	6.2	7.4	6.0	10.3
Total Expenditures per FTE Student (e)	\$ 12,269	\$ 13,064	\$ 12,344	\$ 10,816	\$ 10,089	\$ 11,249	\$ 11,573	\$ 11,162	\$ 10,268	\$ 9,944	\$ 9,791
(a) Expenditures for property and equipment are excluded.											
(b) These categories include administrators, clerical staff, and other support staff.											
(c) The 1 FTE instruction support personnel reported as a library aide is also a school administration clerk and food service staff. Her salary is not reported in Instruction Support but mostly reported in school administration and some in food service.											
(d) Solomon, Thunder Ridge, and West Elk Instruction Support salaries may have been reported in error.											
(e) Due to rounding, adding the individual measures may not equal the total shown.											
Source: Kansas State Department of Education (audited).											



**APPENDIX C**  
**District Response**

On March 26, 2015, we provided copies of the draft audit report to Marais des Cygnes Valley school district officials. The district's response is included as 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.

# Marais des Cygnes Valley District 456

Darrel Finch  
Superintendent of Schools  
Office 785-549-3521

April 8, 2015

To: Kansas Legislative Post Audit Committee

Marais des Cygnes Valley, USD #456, would like to thank the Legislative Division of Post Audit for the professionalism and thoroughness exhibited during our recent efficiency study. Even though we did not volunteer for this study, the district welcomed it as a staff and a district.

The mill levy for USD #456 has remained relatively constant over the past 15 years. Our mill levy since 2003 has only deviated 2 mills. In fact, our highest total levy in that same time period was in 2004-05. While our mill levy has remained relatively steady, our assessment scores have increased dramatically, most recently at the Elementary level.

That being said, there are ways that we can become more efficient. The following recommendations will be studied and reviewed by our Board of Education.

## Low Impact

1. Cash back procurement card – We will seriously consider this recommendation. In order to accomplish the stated goal of \$5,400, the district would have to use this card for many more purchases that we currently use a credit card for.

## Moderate Impact

2. Replace a full-time teaching position with a paraprofessional – We are implementing this recommendation this spring at the secondary level. In the future, we may do the same at the elementary level.
3. Food service – We currently offer free meals to staff members in exchange for help with monitoring the students in the cafeteria. This will be reviewed by the Board of Education in the spring and summer meetings. We are currently in the process of raising meal prices for students and adults for the 2015-16 school year.

## Other Findings

4. Financial Controls – We were aware of this situation before the efficiency study began and we are currently in the process of improving our procedures, especially at the building level.

On behalf of the Marais des Cygnes Valley District, I would like to recognize the group of auditors (Daniel Bryan, Paige Asmann, and Clyde-Emmanuel Meador) who worked very professionally with our staff. We appreciate the opportunity to have “another set of eyes” look at our practices and procedures.

Respectfully,



Darrel Finch, Superintendent  
Marais des Cygnes Valley Schools

P.O. Box No. 158, Melvern, Kansas 66510

## Itemized Response to LPA Recommendations

### Audit Title: K-12 Education: Efficiency Audit of the Marais des Cygnes Valley School District

LPA Recommendation	Agency Action Plan
<p><b>Because of the potential for reducing costs with little to no impact on education services provided to students, the Marais des Cygnes Valley school district <u>should implement</u> the following option:</b></p>	
1. The district should post a copy of the completed performance audit on their website pursuant to K.S.A. 46-1133	This will be done as soon as the audit is made public by the committee.
2. Switch to a cash-back procurement card and develop a strategy to maximize the cash-back potential of district purchases.	The Board will consider this suggestion. In order to do this, we must adjust our practices and policies.
<p><b>Because of the potential for impact on students or the community, the Marais des Cygnes Valley school district <u>should consider</u> implementing the following cost savings actions:</b></p>	
3. Consider replacing a certified elementary teaching position with a non-certified paraprofessional.	When the district implemented MTSS 8 years ago, it initially required an increase in personnel. Now that MTSS is firmly established and the staff is very comfortable with it, we will address this possibility in the next couple of years. We are in the process of replacing a full-time teaching position at the secondary level with a part-time paraprofessional.
4. Eliminate free meals for staff and increase meal prices to the peer average to reduce the transfer of general fund revenue to food service operations.	The Board views this as a way to help supplement teachers income, as we have not been able to increase salaries as much as the district would like to do. We do plan to increase the cost of meals during the July meeting.
<p><b>To reduce the risk of fraud and abuse, the district <u>should implement</u> the following financial and inventory controls:</b></p>	
5. Develop and implement appropriate procurement card policies that address separating the duties of approving, purchasing, receiving, and reconciling purchases between at least two employees. Additionally, all procurement card purchases made by the superintendent should receive prior approval and review by the district board.	I will recommend to the Board that any charges on a credit card be included in the "Board packet" prior to the meetings. Currently, they just see the bill and not the individual charges.
6. Develop and implement appropriate cash handling policies and procedures for meal and enrollment payments to include separating the duties of receiving, receipting, depositing, and reconciling payments.	We are in the process of completing this suggestion. This will be completed by August, 2015.
7. Develop written policies and procedures to reflect the established process for handling payroll, purchasing, inventory, and overtime.	The district realizes that the policy book must be improved. This includes general policies, financial policies, and personnel policies. We outsourced our payroll about one year ago, so we follow the procedures of that agency.



