

The October 2020 Hackberry Elementary School District performance audit found that the District spent more on administration, plant operations, food service, and transportation than its peer districts and could redirect an estimated \$145,000 or more to instruction or other District priorities. We made 17 recommendations to the District and 1 recommendation to the Legislature, and their status in implementing the recommendations is as follows:

Status of 17 District recommendations

Implemented:	6
Partially implemented:	1
Implementation in process:	7
Not implemented:	3

Status of 1 legislative recommendation

Not implemented:	1
-------------------------	----------

We will continue to follow up at 6-month intervals on the status of those recommendations that have not yet been fully implemented.

Finding 1: Hackberry ESD spent twice as much on administration as peer districts and could redirect an estimated \$104,600 annually to instruction or other District priorities by reducing administrative staffing and paying hourly employees only for hours worked

1. The District should operate more efficiently in administration and redirect savings to instruction or other District priorities.

Implementation in process—The District has reduced its per pupil spending on administration to \$6,443 in fiscal year 2021, down from \$7,353 during the audit. However, it is still spending more on administration than peer districts and has not reduced its staffing levels. Alternatively, the District has taken steps to further reduce administrative costs starting in fiscal year 2022, including replacing one of its salaried administrative support positions with one paid hourly and replacing its head administrator with one contracted at a lower rate. We will review this recommendation again at a future followup to see the impact of these cost reductions.

2. The District should review its administrative staffing levels and implement reductions.

Implementation in process—See explanation for recommendation 1.

3. The District should ensure that supervisors review all timecards, ensure that those timecards do not include employees' lunch breaks as paid time, and pay employees only for hours worked.

Implemented at 18 months

4. The District should ensure employment agreement terms are documented and include any additional employee pay above original contracted pay, either within the contract or in an addendum.

Implementation in process—According to District officials, the District plans on adding wording to address this recommendation in their fiscal year 2023 employee contracts.

Finding 2: Hackberry ESD has continually operated its 1 school substantially below its designed capacity, resulting in an estimated \$1.3 million of inefficient spending

1. The Legislature should consider adopting statutory requirements that any schools built with NSF fund monies be built only to SFB-approved projections. It should also consider adopting additional requirements that districts' enrollment projections demonstrate 2 or more years of accurately projected enrollment growth prior to awarding new school construction monies.

Not implemented—The Legislature has not yet acted on this recommendation.

5. The District should determine and implement ways to reduce its excess capacity and/or the costs associated with it by doing such things as identifying opportunities and implementing plans to attract any home-schooled students living within its boundaries and to retain any students living within its boundaries who are choosing to attend other school districts. Additionally, the District should identify and close any unused or underutilized space.

Implementation in process—As of fiscal year 2022, the District did not have plans for reducing space. According to District officials, they had started to offer specialty classes to utilize more classrooms and attempt to attract students. However, it canceled the classes due to staff turnover. Additionally, the District reached out to the community, and there was no interest of having homeschooled students attend Hackberry ESD. According to the District, new housing is being built in the area, and they expect this to lead to increased enrollment.

Finding 3: District produced more meals than it served and had higher food service labor hours than similarly sized peer districts, costing it an estimated \$31,500 annually in monies that could have been used for instruction or other District priorities

6. The District should ensure that the food service director stops overproducing meals that the District does not serve by basing meal productions on the number of lunch orders that are reported each morning.

Implemented at 18 months

7. The District should reduce food service spending by reducing the number of labor hours it contracts to operate its food service program.

Implementation in process—In fiscal year 2022, the District has taken steps to reduce the number of labor hours it contracts to operate its food service program. Specifically, it has eliminated part-time food service employees and reduced hours per day and the length of the contract for the remaining food service employee. We will review this recommendation again at a future followup to see the impact of these changes on the District's food service spending.

Finding 4: District operated its transportation program at a higher cost in fiscal year 2018 than peer districts and did not perform timely bus preventative maintenance

8. The District should evaluate whether it is more cost effective and feasible to purchase an appropriately sized bus of its own, lease a more appropriately sized bus, or pay parents to transport their children to and from school, and make changes accordingly, as pandemic conditions allow.

Implemented at 18 months—The District has evaluated alternatives, including purchasing a bus or paying parents to transport their children to and from school, and determined that continuing to lease a bus is the most cost effective and feasible option available to it. According to District officials, purchasing a bus was too expensive, and another lease-to-own option would cost them more than their current lease on an annual basis and would not include preventative maintenance and repair services like its current agreement. Further, according to the District, there is no interest from parents to fully transport their children to and from school. Due to the District's rural location, some families currently live approximately 45 miles away and already transport their students part of the way to reach their bus stop.

9. If the District continues using a bus to transport its students, it should track bus mileage and perform preventative maintenance according to its lease agreement or other policies the District may adopt if it purchases its own bus.

Not implemented—As mentioned in Recommendation 8, the District continues to lease a bus to transport its students. However, the District is not maintaining documentation when preventative maintenance is completed, and it is unclear if the District is maintaining the bus according to its lease agreement.

Finding 5: District put sensitive student information and public monies at risk because it did not comply with important requirements and standards to protect its monies and sensitive information

10. The District should follow required purchasing procedures by ensuring that employees make purchases only after obtaining proper approval and pay vendors only after verifying that all purchases have been received and billings are accurate.

Implementation in process—The District has updated its purchasing procedures to help ensure that employees make purchases only after obtaining proper approval and pay vendors only after verifying that all purchases have been received and billings are accurate. We reviewed a sample of 10 expenditures from the District's fiscal year 2022 accounting data through February 2022 and found that the District was not always following its updated purchasing procedures. Specifically, 9 expenditures lacked documentation showing approval to make purchases, and 5 expenditures lacked documentation verifying that all purchases had been received and billings were accurate.

11. The District should ensure that all monies collected are deposited by requiring that the same individual responsible for preparing cash deposits is not also responsible for reconciling cash deposited to cash collected.

Not implemented—The District has not properly updated its cash-handling process to separate responsibilities for preparing cash deposits and reconciling cash deposited to cash collected among 2 different employees.

12. The District should discontinue the use of debit cards as a payment method.

Implemented at 6 months—The District has canceled its debit cards. It is now using credit cards, which offer greater protections in the situations where it was previously using debit cards.

13. The District should review the Uniform Chart of Accounts for school districts and implement its guidance to accurately classify all expenditures when reporting its spending.

Not implemented—We reviewed the District's fiscal year 2022 expenditures through February 2022 and determined that the District continues to incorrectly classify transactions similar to what we identified during the audit.

14. The District should review credible industry standards, including those from the National Institute of Standards and Technology (NIST), at least annually, and ensure student information system (SIS) password requirements meet the standards.

Implemented at 18 months

15. The District should work with its vendor to immediately remove all terminated user accounts currently in its SIS and implement additional procedures, such as termination checklists that include attestation that terminated employees' SIS access has been removed, to ensure that it reduce the future risk of unauthorized access to sensitive student information.

Implemented at 18 months

16. The District should work with its vendor to substantially reduce the number of users with administrator-level access in its SIS.

Partially implemented at 18 months—Per our recommendation, the District reached out to its vendor to discuss reducing the number of users with administrator-level access. However, according to District officials, the vendor informed them that its employees having administrator-level access is necessary to ensure any available vendor support staff could assist the District with any technical issues. District officials reported that they considered the situation and concluded that they are comfortable with the vendor’s amount of access.

17. The District should limit accounting system users’ access to only those functions needed to perform their job duties and work with the County to determine which vendor accounts, as well as any County accounts, are necessary. Further, the District should remove any unnecessary accounts, disable any necessary accounts when not in use, and substantially reduce the number of users with administrator-level access in its accounting system.

Implementation in process—The District worked with the County to update the access users have to its accounting system. We reviewed all users of the District’s accounting system as of February 2022 and found vendor accounts had been reduced from 7 to 1 and the number of users with administrator-level access has been reduced from 10 to 2 users, both of which were appropriate. However, we found that 3 District and 3 County users continued to have more access than needed for their assigned job duties.