

AUDIT PROPOSAL

K-12 Education: Efficiency Audit of Selected School Districts (Fiscal Year 2017)

SOURCE

This audit proposal was suggested by LPA staff to satisfy requirements in K.S.A. 46-1133.

BACKGROUND

In recent years, our office has conducted numerous efficiency audits of school districts pursuant to state law. K.S.A. 46-1133 requires us to conduct three school district efficiency audits of a small, medium, and large school district each fiscal year. This 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 ten years. In cases in which no school districts volunteer for an audit within one of the three size categories, a school district is randomly selected and given 30 days to appeal its selection. Since 2013 when the law was enacted, we have performed nine school district efficiency audits under the provisions of this law. The school districts involved in those audits included:

- Large districts (more than 4,000 students): Emporia, Auburn-Washburn, and Maize.
- Medium districts (500 to 4,000 students): Parsons, Prairie Hills, and Frontenac.
- Small districts (less than 500 students): Ashland, Maris des Cygnes Valley, and Attica.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below represent the questions that we would answer through our audit work. The proposed steps below each objective are intended to convey the type of work we would do, but are subject to change as we learn more about the audit issues and are able to refine our methodology.

Objective 1: What options could selected school districts take to increase operational efficiency and improve the effectiveness of their financial and security controls? Our tentative methodology would include the following:

- Compare expenditures for our selected districts to other peer districts to identify potential inefficiencies. Selected peers would be similar in terms total enrollment, student demographics, and local property values.
- Interview or survey school district board members, officials, and staff to understand how the district operates and identify potential areas for improvement.
- Tour the school district's facilities to better understand how the district's space is used, whether a school appears particularly crowded or empty, and how well-maintained it is.

- Identify potential options the district has to improve efficiency or generate additional revenue and prioritize which options to evaluate further based on the magnitude of savings possible, how challenging it would be to implement the option, and the potential impact on students and the community.
- Evaluate the highest priority options we identify by identifying relevant benchmarks or other criteria, quantifying the potential savings, and determining the feasibility and impact of implementing each option.
- Evaluate selected financial controls in high-risk areas such as cash-handling and procurement cards as well as important IT security controls to ensure they are appropriately designed to reduce the risk of theft, fraud, or abuse.

ESTIMATED RESOURCES

We estimate this audit would require a team of **three (3) auditors** for a total of **six (6) months** (from the time the audit starts to our best estimated of when it would be ready for the committee).