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We have completed an audit of the Washoe County School District. This audit was required by Chapter 5, Statutes of Nevada 2003, 20th Special Session. The purpose of legislative audits is to improve government by providing the Legislature, state and local officials, and Nevada citizens with independent and reliable information about the operations of government agencies, programs, activities, and functions. The results of our audit, including findings, conclusions, recommendations, and the District's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Washoe County School District for their assistance during the audit.

Respectfully presented,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA
Legislative Auditor

September 3, 2004
Carson City, Nevada

STATE OF NEVADA
WASHOE COUNTY SCHOOL DISTRICT

AUDIT REPORT

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EXECUTIVE SUMMARY

WASHOE COUNTY SCHOOL DISTRICT

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. This includes 3 schools in Gerlach/Empire, 1 in Wadsworth, 3 in Incline Village, and 84 in the Reno/Sparks area. 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.

Washoe County School District's mission is to provide each student the opportunity to achieve his or her potential through a superior education in a safe and challenging environment in order to develop responsible and productive citizens for a diverse and rapidly changing community. A seven-member Board of Trustees governs the District by establishing District policies and employing the superintendent to serve as the chief executive officer in charge of day-to-day operations. Five board members represent specific geographic areas and two other members are elected at-large for 4-year terms.

Washoe County School District has experienced moderate growth during the past 5 years. In that time, the District's student enrollment increased 12% to 58,903 in fiscal year 2003. During the same period, the District's instructional staff increased 8% to 3,617. According to the Nevada Department of Education's (NDOE) NRS 387.303 report, the District had over 5,300 full-time equivalent (FTE) positions in fiscal year 2003. The NDOE report does not include over 1,000 employees that are paid from accounts not reported to the State, such as nutrition services, federal programs, and hourly/daily labor. In addition, the District had over 1,600 substitute teachers.

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The District received funding from two major sources: the State Distributive School Account (DSA) and local sources. The District's basic support guarantees for fiscal years 2004 and 2005 from the DSA are \$4,161 and \$4,301 per student, respectively. In addition, the District receives state support for such areas as special education, class-size reduction, adult diploma education, regional professional development program, and remedial education. During fiscal year 2003, the District had revenues of about \$401.9 million excluding capital projects and the bond accounts. Local revenues accounted for 63% of revenues, with state sources accounting for a little over 29%.

Washoe County School District had expenditures of about \$393 million in fiscal year 2003, excluding capital outlays and bond accounts. About 58% of these expenditures were for regular, vocational, special, and other instructional programs, while about 7% went for administration.

Purpose

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 these six areas:

- **Financial Management** – Are there sufficient controls to provide accountability for financial resources?
- **Facilities Management** – Are construction, maintenance, and facility usage programs properly planned and controlled?
- **Personnel Management** – Are recruitment and retention efforts adequate to ensure qualified staff?

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- **Transportation** – Are student transportation programs adequately planned to ensure the safe and efficient transportation of students?
- **District Organization** – Does the organizational structure enhance the effectiveness and efficiency of Board governance and District management?
- **Employee Health Plans** – Is the health plan appropriately managed?

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. For example, the District collected substantially less per student than Clark County School District in the last 3 years and did not seek reimbursement for outreach activities until April 2004. With improved oversight of the Medicaid reimbursement process, WCSD could realize about \$2 million annually in additional federal revenues. (page 17)
- Opportunities 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. Fourteen of the 17 Nevada school districts and 2 of 3 peer districts surveyed charge eligible students for reduced-price meals. One peer district indicated their Board policy is to not charge for these 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. (page 21)
- In fiscal year 2002, the Plant Facilities Department developed a process for cleaning District buildings that District records indicate saved over \$600,000 annually. The concept is known as Process Cleaning and recently received the Cashman Good Government Award. (page 28)
- Although the District's construction and bond transactions are well documented, the policies and procedures governing this area could be improved to

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ensure good business practices are followed. For example, construction management does not have procedures addressing allowable construction costs, use of bond funds, and project management. In addition, change order review and authorization procedures have not been formally developed and the Plant Facilities Department lacks procedures to ensure it is awarded reimbursements from utility and road construction. (page 29)

- 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. (page 30)
- The WCSD has developed programs to improve recruitment and retention of employees. For example, WCSD is in the process of implementing an online application system. This system should streamline the process and enable better tracking of recruiting efforts. In addition, the District has taken action to identify why teachers leave the District. (page 35)
- The Human Resources Division would benefit from a formal recruitment and retention plan. Prior audit, consultant, and internal reports advised the Division to develop a recruitment and retention plan. In 1999, it drafted a document containing the components of a recruitment plan. However, the plan was not completed. A plan is important because the District faces recruitment challenges when having to hire 400 to 500 new teachers each year. (page 36)
- The District does not currently compile data on the results of its recruitment efforts. Monitoring results of efforts would allow the District to more efficiently utilize its scarce resources. For example, with the historical data the District could evaluate the results of

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various job fairs, and then eliminate those non-producing recruiting locations. (page 37)

- The District's human resources information system does not provide basic data needed by personnel managers to effectively manage operations. The information system cannot provide accurate position counts, calculate turnover rates without significant effort, and produce vacancy reports. (page 37)
- The District needs to implement a better district-wide position control system. A position control system acts as a budgetary control, helping to ensure personnel expenditures do not exceed budgets. Accurate position information is also essential for budget preparation, trend analysis, and workforce forecasting. (page 38)
- The District does not have a comprehensive plan regarding district-wide training goals and objectives. Prior audit recommendations and studies have pointed out the need to develop a consolidated training plan that addresses not just teachers and administrators but all District staff development. (page 38)
- Despite positive changes in recent years, the reporting structure and responsibilities of WCSD's training program are still unclear. This past year, the District reorganized its training program to be in effect for the 2004-2005 school year. Although this structure appears to be a good start, it could be more clearly structured and the responsibilities more clearly defined. (page 39)
- The Transportation Department can increase efficiency in bus routing through several best practices from other states and the student transportation industry. These best practices include the use of computerized routing software and staggered school start times. They could generate

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savings to the District of over \$1.3 million annually. (page 41)

- The District has made some efforts in recent years to replace buses in a timely manner, but further improvements are needed. Older buses cost significantly more to operate and are less likely to have the latest safety features. Over 60% of the District's buses are older than 14 years and have been driven an average of 270,000 miles. (page 44)
- The Transportation Department does not have vehicle operating information in a usable format. While fuel usage for two of the District's three transportation facilities has been entered into the new fleet management system, vehicle maintenance records have not. This 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. (page 47)
- In fiscal year 2004, the District purchased over 670,000 gallons of fuel at a cost of over \$850,000. However, the District's controls over vehicle fuel at its transportation facilities are not adequate. In addition, the District does not have the vehicle operating information to analyze vehicle fuel consumption to identify variances and fluctuations. (page 49)
- 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. For example, there are 343 students per every administrator and 16 students per teacher. The District's administrative costs of \$771 per pupil also are reasonable when compared to others. (page 51)
- The District has done a good job in getting more of every dollar spent into the classroom. For fiscal year

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2001, WCSD had 61.3 cents of every dollar going into the classroom, while peer districts averaged 60.1 cents. (page 53)

- Although policies and procedures have been developed, many date back to 1997 and 1998. District policy requires the Board to review policies on a four-year cycle, one-quarter being reviewed annually. We found the Board reviews policies as presented by staff for amendment, but found no evidence of a routine policy review as required. (page 55)
- The internal auditor spends most of the time auditing the student activity funds. Although auditing the activity funds is important, the internal auditor should expand her review to include district-wide operations. (page 56)
- 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. (page 59)

Recommendations

This report contains 29 recommendations to improve the financial and administrative operations of the Washoe County School District. The recommendations identify opportunities to increase revenues, reduce costs, and improve accountability. 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

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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. (page 102)

Washoe County School District Response

The School District, in its response to our report, accepted all 29 recommendations. (page 89)

Introduction

Background

Throughout the nation, school districts are facing many challenges relating to education delivery. Other states, including Florida, Texas, and Arizona, have addressed these concerns through audits designed to promote efficiency. During the 2001 Legislative Session, AB 672 directed the Legislative Auditor to conduct a preliminary performance audit survey of the Clark and Washoe County School Districts. The purpose of the survey was to identify potential audit issues in these districts. As a result of the survey, the 2003 Legislature, during the 20th Special Session, directed the Legislative Auditor to conduct a performance audit of Washoe County School District.

General

Washoe County School District (WCSD) is the second largest school district in the State. According to the National Center for Education Statistics, it was the 65th largest district in the country for fiscal year 2003. For fiscal year 2004, the District operated 91 schools, excluding charter schools. This includes 84 schools in the Reno/Sparks area, 3 in Incline Village, 3 in Gerlach/Empire, and 1 in Wadsworth. There are 61 elementary schools, 14 middle schools, 12 high schools, and a special education school. In addition, the District operates Washoe High School (an alternative high school), Truckee Meadows Community College High School, and the Regional Technical Institute.

The District's mission is to provide each student the opportunity to achieve his or her potential through a superior education in a safe and challenging environment in order to develop responsible and productive citizens for a diverse and rapidly changing community. A seven-member Board of Trustees governs the District by establishing District policies and employing the superintendent to serve as the chief executive officer in charge of daily operations. Five board members represent specific geographic areas and two other members are elected at-large for 4-year terms.

Over the last 2 years, 15 of the 21 schools in Nevada that were recognized by the Nevada Department of Education for outstanding student academic performance

were in WCSD. In addition, all three exemplary schools recognized in fiscal year 2003 by the Department were in WCSD. Further, the U.S. Department of Education recognized seven other schools in the District as “Blue Ribbon Schools”. Finally, a national publication recently recognized five of the District’s high schools as being among the best public high schools in the nation at preparing students for college.

Student Enrollment

Washoe County School District has experienced moderate growth in student enrollment during the past 5 years. The District’s student enrollment increased 12% from fiscal year 1999 to 2003. Exhibit 1 shows student enrollment for WCSD for the last 5 years, as determined in September of the fiscal year.

Exhibit 1

**Student Enrollment
Fiscal Years 1999-2003**

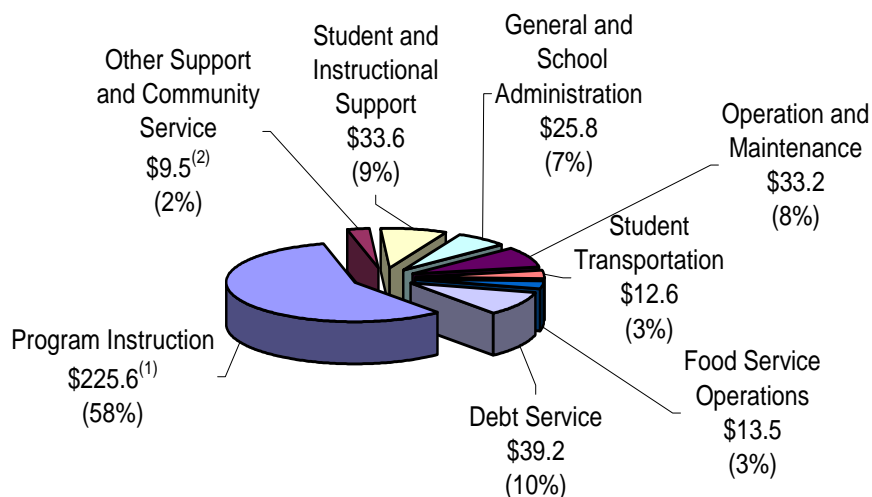
1999	2000	2001	2002	2003	1999-2003
52,641	54,053	55,651	57,583	58,903	12%

Source: Nevada Department of Education, NRS 387.303 Reports.

Expenditures and Staffing

WCSD had expenditures of about \$393 million in fiscal year 2003, excluding capital outlays and the bond accounts. About 58% of these expenditures were for regular, vocational, special, and other instructional programs, while about 7% went for administration. Exhibit 2 shows the District’s expenditures for fiscal year 2003.

**Expenditures (Millions)
Fiscal Year 2003**



Source: Washoe County School District Comprehensive Annual Financial Report, Fiscal Year 2003.

Note: Exhibit excludes capital outlays and bond accounts.

⁽¹⁾Includes regular, special, vocational, adult, and other instructional programs.

⁽²⁾Includes business and central services support, other support, and community service.

According to the Nevada Department of Education’s (NDOE) NRS 387.303 report, the District had over 5,300 full-time equivalent (FTE) positions in fiscal year 2003. The NDOE report does not include over 1,000 employees that are paid from accounts not reported to the State, such as nutrition services, federal programs and hourly/daily labor. In addition, the District had over 1,600 substitute teachers. Teachers represent almost 70% of the District’s staff and have increased about 8% from fiscal year 1999 to 2003. Exhibit 3 shows a breakdown of employees by function as reported to NDOE for fiscal year 2003, and exhibit 4 shows the instructional staff growth from fiscal year 1999 to 2003.

Exhibit 3

**FTE Employees by Function
Fiscal Year 2003**

Function	Number	% of Total
Instructional Staff	3,617	67%
Instructional Support Staff	440	8
Administrative Staff	427	8
Other Staff	882	17
Total	5,366	100%

Source: Nevada Department of Education, NRS 387.303 Report.

Exhibit 4

**Instructional Staff
Fiscal Years 1999 - 2003**

1999	2000	2001	2002	2003	1999-2003
3,349	3,356	3,436	3,584	3,617	8%

Source: Nevada Department of Education, NRS 387.303 Reports.

Sources of Funding

School districts receive funding from two major sources: the State Distributive School Account (DSA) and local sources. Local sources provide the largest share of school district revenue. These include the Ad Valorem Property Tax, Local School Support Tax, Government Services Tax, and other sources. In addition, school districts receive revenues for specific purposes, such as class-size reduction, special education, and adult diploma education. The 2003 Legislature approved statewide appropriations to the DSA of \$1.63 billion for the 2003-2005 biennium. This is a \$325 million increase, or about 25%, over the previous biennium.

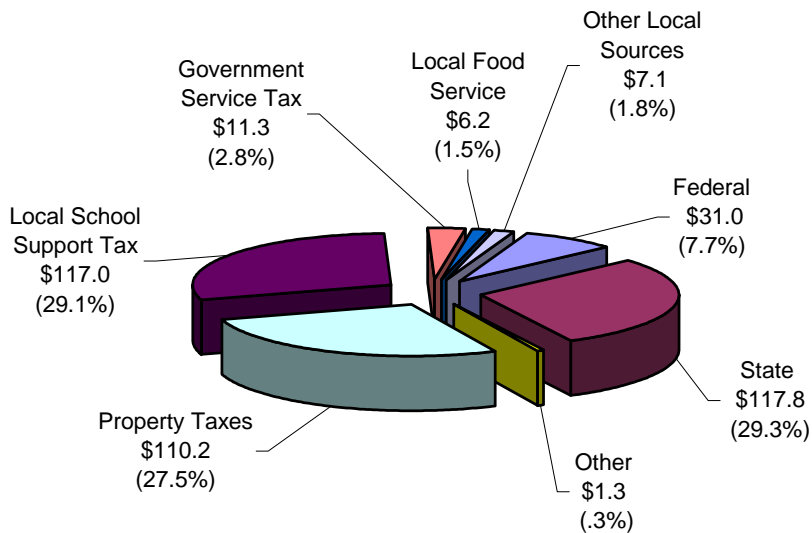
The Nevada Plan is the means used to finance elementary and secondary education in the State's public schools. A basic level of financial support is guaranteed to each school district by the State through this Plan. The goal of the Nevada Plan is to

ensure adequate educational opportunity for all students regardless of the wealth of the school district. The state's share of the Nevada Plan's funding is distributed through the DSA. The amount of state aid received by each district is developed by a formula that allows for differences in costs and local wealth. As such, the basic support is adjusted for each district based on economic and geographic characteristics and a wealth adjustment. This results in districts with fewer resources getting a higher per-pupil allocation of state money than districts with more resources.

WCSD's basic support guarantees for fiscal years 2004 and 2005 from the DSA are \$4,161 and \$4,301 per student, respectively. In addition, the District receives state support for such areas as special education, class-size reduction, adult diploma education, regional professional development program, and remedial education. The District received about \$36.5 million in fiscal year 2003 for these programs.

During fiscal year 2003, Washoe County School District had revenues of about \$401.9 million, excluding capital projects and the bond accounts. Local revenues accounted for 63% of the District's revenue, with state sources accounting for a little over 29%. Exhibit 5 shows the District's revenue sources between local, state, and federal sources.

**Revenue Sources and Amounts (Millions)
Fiscal Year 2003**



Source: Washoe County School District Comprehensive Annual Financial Report, Fiscal Year 2003.

Note: Exhibit excludes capital projects and bond accounts.

Scope and Objectives

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. The Legislative Auditor conducts audits as part of the Legislature’s oversight responsibility for public programs. The purpose of legislative audits is to improve government by providing the Legislature, state and local officials, and Nevada citizens with independent and reliable information about the operations of government agencies, programs, activities, and functions.

This audit included a review of the District’s activities from July 1, 2002, through December 31, 2003. The objectives of the audit were to evaluate the District’s operations in these six areas:

- **Financial Management** – Are there sufficient controls to provide accountability for financial resources?

- **Facilities Management** – Are construction, maintenance, and facility usage programs properly planned and controlled?
- **Personnel Management** – Are recruitment and retention efforts adequate to ensure qualified staff?
- **Transportation** – Are student transportation programs adequately planned to ensure the safe and efficient transportation of students?
- **District Organization** – Does the organizational structure enhance the effectiveness and efficiency of Board governance and District management?
- **Employee Health Plans** – Is the health plan appropriately managed?

Findings and Recommendations

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.

Financial Management

We found that financial management practices were generally sound. However, there are opportunities to increase revenues and improve accountability. For example, the District could increase collections from Medicaid about \$2 million annually by ensuring all Medicaid reimbursements are billed and received. In addition, the food service program could collect an additional \$300,000 annually by charging for reduced-price meals, and should account for all its costs.

Federal Revenues From Medicaid Can Be Increased

Washoe County School District (WCSD) is not collecting all available Medicaid funding. WCSD has collected substantially less per student from Medicaid than Clark

County School District (CCSD) in the last 3 years. In addition, WCSD did not seek reimbursement for Medicaid outreach activities until April 2004, 3 years after CCSD first sought reimbursement. With improved oversight of the Medicaid reimbursement process, WCSD could realize about \$2 million annually in additional federal revenues. Furthermore, the District should explore with State Medicaid personnel the opportunity of obtaining reimbursement for unbilled services previously provided. Medicaid generally permits retroactive billing for 2 years.

The Medicaid Program allows school districts to enroll as providers of Medicaid services for school-based, health services provided to disabled students. These services are referred to as Direct Services. Typical services include speech therapy, physical therapy, and psychological counseling. Individual claims are submitted to Medicaid for services provided to eligible students, with the assistance of an independent contractor. CCSD collected five times the amount WCSD did on a per pupil basis for Direct Services over the past three fiscal years. Exhibit 6 shows the amounts per pupil received by WCSD and CCSD from Medicaid for Direct Services from fiscal years 2001 to 2003.

Exhibit 6

**Medicaid Revenues Per Pupil
Direct Services
Fiscal Years 2001 to 2003**

	2001	2002	2003	Avg.
WCSD	\$ 0.86	\$ 3.24	\$ 5.08	\$ 3.10
CCSD	\$ 10.24	\$ 18.48	\$ 20.24	\$ 16.48

Source: Auditor calculations based on WCSD and CCSD accounting records and NRS 387.303 reports.

Note: The average column is based on the total direct services provided per pupil for fiscal years 2001 to 2003, not on the average of the yearly amounts shown in the exhibit.

Medicaid also reimburses school districts for medical outreach activities provided to students and their families. This is referred to as Administrative Claiming. A quarterly claim to Medicaid is generated following a time sampling of staff activities. Reimbursable activities include:

- referral of students/families for Medicaid eligibility determinations
- provision of health care information and interagency coordination of medical services
- referral, coordination, and monitoring of health services

However, WCSD did not seek reimbursement for Administrative Claiming activities until April 2004, while CCSD began its administrative claiming process in April 2001. CCSD collected over \$7.7 million in fiscal years 2002 and 2003 from Medicaid for Administrative Claiming.

Based on the amount received per pupil by CCSD in fiscal year 2003, we estimate WCSD could be collecting about \$2 million annually in additional revenue from Medicaid. In addition to assisting school districts in meeting the costs of providing health-related services, student health can be improved through increased student and family awareness of available community services.

The District has not provided adequate fiscal oversight of the Medicaid reimbursement process for medical services provided to eligible students. Specifically, one WCSD staff person and the independent contractor largely perform the reimbursement process with little oversight. WCSD fiscal managers indicated they were not involved in the Medicaid process, leaving oversight to special education program managers. However, discussions with program managers also found a lack of involvement with the reimbursement process. As stated by the contractor's representative, WCSD has not placed a high priority on Medicaid reimbursements and the clerical staff involved has no authority to require program staff to submit service records and other information needed to bill Medicaid. The representative agreed that WCSD's process needed more management oversight.

In addition, we identified several weaknesses with the District's process for billing Medicaid. For example:

- WCSD has very few written policies and procedures on the process.
- There is very little oversight of the staff person involved with the process.
- Staff is not monitoring the independent contractor's process for Medicaid billings and payments.

Good internal controls are important in any organization to ensure management's directives are carried out. Controls are an integral part of an organization's accountability of government resources and achieving effective results. As shown, because of limited controls over the Medicaid process, the District has not received its fair share of federal Medicaid funding.

Additional opportunities exist to increase federal reimbursement when the State Medicaid Plan is amended. Transportation services provided to eligible students that need specially equipped vehicles are reimbursable Medicaid expenses. However, the federal regulations regarding transportation expenses were revised, requiring more detailed documentation in order to receive reimbursement. As such, until the State Medicaid agency develops the methodology for claiming special needs transportation services, school districts cannot get reimbursed. The State has committed to the districts that the State Plan amendment will be effective January 2005. Once the State Plan is amended, the District needs to incorporate the requirements into the Medicaid process and begin collecting for eligible transportation services. Reimbursement for transportation services may be substantial. Prior to the federal regulation being revised and reimbursements being stopped to the districts, CCSD collected about \$800,000 during calendar year 2001. Therefore, it is important a process is in place to ensure the District receives reimbursement from Medicaid for eligible transportation services.

Food Service Program Does Not Include All Revenues or Costs

Opportunities exist for improving the food service program that would reduce the burden on the General Fund, resulting in more money available for the classroom or other operations. The District could collect about \$300,000 annually by charging a small fee to students that qualify for reduced-price meals. In addition, accounting records indicate that food operations has shown a profit for the last several years. However, in fiscal year 2003, at least \$900,000 in food service costs were not charged to this account. Finally, the District could do a better job in monitoring the food service contractor.

An effective school food service program provides students with nutritional, reasonably-priced meals. During fiscal year 2003, the food service program collected over \$13 million, averaging about 28,000 meals a day. The District operates a central

kitchen and several self-contained kitchens at various school sites. The central kitchen provides meals for elementary schools, while middle and high schools have self-contained kitchens.

Opportunities for Revenue From Reduced-Price Meals

The District is not realizing all revenues available from food service operations. We found the District is not charging any fee to students that received a reduced-price lunch or breakfast. The District could have collected about \$300,000 during fiscal year 2003 by charging a fee allowed under the federal lunch and breakfast programs.

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) subsidize school districts for meals served to eligible children. The federal meal programs provide federal funds through the Nevada Department of Education. Depending on household income, children may qualify for either a free or reduced-price meal. Children that do not qualify for free or reduced-price meals can pay the full meal price. Exhibit 7 shows the meal prices charged by the District and related federal reimbursement rates for fiscal year 2003.

**Washoe County School District
Meal Pricing Schedule
for Fiscal Year 2003**

	Breakfast			Lunch		
	Student Paid	Federal Reimbursement	Revenue to District	Student Paid	Federal Reimbursement	Revenue to District
Elementary						
Paid	\$ 1.00	\$ 0.22	\$ 1.22	\$ 1.75	\$ 0.20	\$ 1.95
Reduced	\$ -	\$.87-\$1.10*	\$.87-\$1.10	\$ -	\$ 1.74	\$ 1.74
Free	\$ -	\$1.17-\$1.40*	\$1.17-\$1.40	\$ -	\$ 2.14	\$ 2.14
Middle School						
Paid	\$ 1.00	\$ 0.22	\$ 1.22	\$ 2.00	\$ 0.20	\$ 2.20
Reduced	\$ -	\$.87-\$1.10*	\$.87-\$1.10	\$ -	\$ 1.74	\$ 1.74
Free	\$ -	\$1.17-\$1.40*	\$1.17-\$1.40	\$ -	\$ 2.14	\$ 2.14
High School						
Paid	\$ 1.00	\$ 0.22	\$ 1.22	\$ 2.00	\$ 0.20	\$ 2.20
Reduced	\$ -	\$.87-\$1.10*	\$.87-\$1.10	\$ -	\$ 1.74	\$ 1.74
Free	\$ -	\$1.17-\$1.40*	\$1.17-\$1.40	\$ -	\$ 2.14	\$ 2.14
Adult	\$ 1.50	\$ -	\$ 1.50	\$ 2.50	\$ -	\$ 2.50

Source: District records and Federal Register.

* Breakfast reimbursement rates vary depending on the percentage of children eligible for free and reduced-price status at the school level.

The federal programs allow districts to charge up to 40 cents for reduced-price lunches and 30 cents for reduced-price breakfasts. The District served about 624,000 reduced-price lunches during fiscal year 2003 and 191,000 reduced-price breakfasts during the same period. If the District had charged the maximum fee allowed for these meals, it would have collected about \$300,000. According to the Nevada Department of Education, 14 of the 17 Nevada school districts charge eligible students for reduced-price meals. In addition, two of three peer districts surveyed indicated they charge eligible students for reduced-price meals. The other peer district indicated their Board policy is to not charge for these meals. Although the food service operation is reported to be operating at a profit, as we discuss later in this chapter, not all costs are being

charged to this area. This additional revenue would help offset these costs making more General Fund money available for other uses.

According to District officials and nutrition services management, the Board of Trustees made the decision not to charge for reduced-price meals over 10 to 15 years ago. However, District staff could not provide any documentation of the Board decision. 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.

All Program Costs Not Charged

Even though the District reports food service operations have been profitable, all costs associated with its operations are not charged to the Nutrition Services Fund. District policy 3546 states the nutrition program will recover the cost of labor, food and supplies from those served, except in special cases where students qualify for free or reduced-price meals. However, we identified at least \$900,000 in food service costs not being charged to the food service account. As we have stated, General Fund dollars used for food services takes money away from the classroom or other general operations.

We reviewed the food service's operating information for fiscal year 2003 and identified at least \$433,000 of costs directly attributable to the program that were being paid by the District's General Fund. In addition, every school incurs costs for maintenance, janitorial, utility, and insurance of its cafeteria. These costs should also be allocated to the food service program. Exhibit 8 summarizes the unallocated costs we identified for FY 2003. Most of the costs shown are attributable to the central kitchen only and do not include nutrition services costs at the individual schools.

Exhibit 8

**Unallocated Food Service Costs
Fiscal Year 2003**

Cost Description	FY 2003 Costs
Utilities	\$ 214,747
Insurance	4,197
Interest on Debt Service	214,585
Total Unallocated Costs	\$ 433,529

Source: Auditor analysis of District records.

In addition, depreciation charges on food service equipment and indirect costs totaling at least \$490,000 for fiscal year 2003 were not fully recovered from the program. According to District records, depreciation on food service equipment and the central kitchen facility was about \$200,000. Further, many federal programs allow indirect costs at around 2% to 3.65%. Indirect costs are those central service costs not directly attributable to food services. For fiscal year 2003, this projects to about \$280,000 to \$500,000 of indirect costs that central services should recover from the food service operations. However, the central office allocated only about \$25,000 a year for indirect costs.

District accounting methods do not report what nutrition services actually costs to operate. To report the actual costs to operate food services programs, many school districts, including Clark County School District, use enterprise fund accounting. We surveyed the five peer districts provided to us by the WCSD. Three of the five peer districts use enterprise fund accounting. Enterprise fund accounting is useful to governments because it helps focus on the cost of providing services and the portion of those costs being paid by the user fees. At present, the District uses a special revenue fund that does not provide information on what nutrition services actually costs to operate. Therefore, District management may not have the information to make informed decisions regarding the food service operation.

By accurately tracking program revenue and costs, the District could better monitor and adjust fees, supported by detailed program analyses. Although the District does also consider market and political constraints, policy makers would be better able to make informed decisions if provided with complete cost data.

Better Food Service Contract Monitoring Needed

Since November 2000, the District has contracted the management of food services. However, the District needs better monitoring controls over the food service contract. For example, contractor billings lacked supporting documentation and evidence of review. Although the billing we examined appeared reasonable, we had to obtain the supporting information from the contractor.

Currently, the food services operation is a shared responsibility. The management company is responsible for managing the food service operations and

supervising all food service employees. The District is responsible for paying all food service operating costs, certain costs incurred by the management company, and a management fee based on meals served. In addition, the District provides all food service staff.

We reviewed a billing from the management company totaling \$59,000. The billing reviewed had no evidence of District review and the District could not provide documents to support the amounts being charged. The management company was paid approximately \$674,000 in fiscal year 2003 or about 5% of food service expenditures. As such, it is important to ensure the propriety of the billings. Internal control standards require that transactions be properly reviewed and authorized prior to payment. Further, control standards require significant transactions to be documented, and the documentation should be readily available for examination.

Sufficient Controls Exist Over Legislative Funding

The District has sufficient controls in place over the textbooks, instructional supplies and instructional hardware appropriation, and additional funding provided during the 2001 and 2003 Legislative Sessions to help ensure the monies are used as required. We reviewed the District's request and expenditure process applicable to the additional legislative funding. We also reviewed the controls the District has to ensure textbooks, instructional supplies, and instructional hardware funds are appropriately spent. We found the District had controls in place to ensure the money spent, to date, was used for its stipulated purpose. Exhibit 9 provides information about special legislative funding from the 2001 and 2003 Legislative Sessions.

**Washoe County School District
Special Legislative Funding
2001 and 2003 Legislative Sessions**

Session Year	Bill Number	Purpose	Amount Available Statewide	Amount to District
2001	SB 8	Provides additional funding for unexpected energy costs.	\$ 6.5 Million	\$ 1 Million
2001	SB 9	Provides additional funding for programs that are at risk of termination.	\$ 5 Million	\$ 750,000
2003	SB 1	Provides additional funding for Educational Technology.	\$9.95 Million	\$1.1 Million
2003	SB 8	Provides funding to the DSA for textbooks, instructional supplies, and instructional hardware, including an additional amount of \$50 per student approved by the Legislature.	\$131 Million ⁽¹⁾	\$ 18 Million ⁽¹⁾

Source: Auditor analysis of 2001 and 2003 Special Legislative Funding.

⁽¹⁾ Estimate based on student counts. Amount may be adjusted when Department of Education completes student count audit.

Recommendations

1. Develop procedures and increase fiscal management oversight over the process for obtaining reimbursement from the Medicaid Program for school-based health services.
2. Adopt a policy to establish the fee charged for reduced-price meals.
3. Consider amending policy to require all direct and indirect costs be recovered by food service operations.
4. Consider establishing food service operations as an enterprise fund.
5. Develop monitoring procedures to ensure monthly billings from the food service contractor are appropriate.

Facilities Management

Aspects of the Plant Facilities Department operate effectively; for example, the District has implemented a housekeeping method that has resulted in significant savings. However, other areas could be improved. The District's growth requires significant construction management, but comprehensive construction management policies and procedures have not been developed and capital projects planning could be strengthened. Further, the District has made some efforts to be energy conscious, but more work needs to be done. Finally, the Maintenance and Housekeeping Divisions need more complete policies and procedures to provide reasonable assurance that goals will be met.

The Plant Facilities Department is responsible for 91 schools, excluding charter schools, and approximately 6.5 million square feet of building space, including portable classrooms. Exhibit 10 shows the increase in schools over the past 5 years in the District.

Exhibit 10

Number of Schools by Type Fiscal Years 2000-2004

School Type	2000	2001	2002	2003	2004	Growth 2000-2004
Elementary Schools	58	59	59	61	61	5%
Middle Schools	13	13	13	13	14	8%
High Schools ⁽¹⁾	12	12	14	14	15	25%
Special Education	1	1	1	1	1	0%
Total	84	85	87	89	91	8%

Source: Washoe County School District facility records.

(1) Includes Truckee Meadows Community College High School, Washoe High School, and Regional Technical Institute.

In addition to the schools already serving Washoe County, the District will open Shaw Middle School in Sparks in the fall of 2004. Over the next 5 years, the District is planning the following:

- renovations to older schools
- 2 new middle schools
- 3 new elementary schools

- additions to 3 high schools as needed
- a modern technology and communication system
- phase II completion of the new Incline Elementary School

In November 2002, voters approved a rollover bond program to continue financing capital improvements. To provide oversight of the bond rollover program, the Plant Facilities Department was divided into two separate sections. The Plant Facilities Administrator has oversight of maintenance, housekeeping, and regulated systems. The Bond Program Administrator is responsible for construction, architecture, planning, and remodeling. In total, the Plant Facilities Department had non-bond expenditures of approximately \$33 million in fiscal year 2003.

District's Process for Cleaning Saves Money

In fiscal year 2002, the Plant Facilities Department developed a process for cleaning District buildings that District records indicate saved over \$600,000 annually. The concept is known as Process Cleaning and recently received the Cashman Good Government Award. A number of other governmental entities have requested the District provide training on the Process Cleaning method.

Process Cleaning uses a systematic cleaning method that focuses on sanitizing student and staff spaces. As a result of the new method, the District was able to reduce its janitorial staff by 25 full-time equivalents (FTEs), saving the District about \$610,000 annually. Currently, 80 of the District's 97 schools and non-school sites have implemented the Process Cleaning method. According to housekeeping officials, the remaining sites should implement the new method during fiscal year 2005. Housekeeping officials do not anticipate additional savings when the remaining sites implement the new method because these sites are already staffed using the Process Cleaning method staffing levels. However as new schools are constructed, the reduced staffing levels required by the new method should continue to generate savings to the District.

An efficiency achieved from the Process Cleaning method was to increase the square footage staff custodians cleaned. As shown in Exhibit 11, the area cleaned per staff custodian increased from about 24,500 square feet to about 27,200 or an increase of over 11%. This occurred with a decrease in staff of 4% and a 6.6% increase in total

square footage. Exhibit 11 shows the increase in cleaning area resulting from the Process Cleaning method.

Exhibit 11

**Staff Custodian Cleaning Square Footage
Fiscal Years 2002-2004**

	2002	2003	2004	Percent Change 2002 - 2004
Cleaning Square Footage Per Staff Custodian	24,561	27,152	27,284	11.1%
Total Staff Cleaning Square Footage District-wide	5,507,703	5,593,316	5,872,780	6.6%
Number of Staff Custodians (FTEs)	224.25	206	215.25	-4%

Source: Washoe County School District Housekeeping Division.

Furthermore, the Process Cleaning method appears to be effective despite the larger cleaning areas and less staff. We surveyed District employees and found that customer feedback was positive.¹ Our survey found that 73% of 422 respondents felt the buildings are adequately cleaned.

Construction Management Policies and Procedures Need Updating

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. For example, District staff indicated they follow NRS 393.220 to 393.3293 that provide detailed guidance for the sale, exchange, and lease of property. These statutes provide the framework for the District to follow, but not the detailed procedures the District uses to comply with them. Further, the Board has developed a policy and administrative regulation for the acquisition and disposition of real property, but the policy and regulation are not comprehensive. Examples of other areas where comprehensive policies and procedures should be developed include the following:

- Construction management does not have procedures addressing allowable construction costs, use of bond funds, and project management.

¹ Appendix B summarizes our survey of District employees.

- Change order review and authorization procedures have not been formally developed.
- The Plant Facilities Department lacks procedures to ensure the District is awarded reimbursements from utility and road construction.

Much of this guidance has been handed down by legal opinion or other memorandum form, but has not been formally adopted to help ensure staff are aware and follow the requirements. The District indicated they are in the process of developing more detailed policies and procedures using Clark County School District as a model.

Capital Projects Planning Could Be Strengthened

The District has developed a Long-Range Facilities Plan; however, the last Plan approved by the Board was in 1997. This plan identifies the District's facilities needs through 2015. Although the Plan is comprehensive, only minimal updates have occurred and the Board has not approved these changes. Given the growth in the District, periodic review and update of the plan would help ensure it still meets the facilities needs of the District. Facility plans provide the framework for identifying and allocating resources, evaluating and prioritizing projects, and considering alternatives.

Even though the District's Long-Range Facilities Plan is comprehensive, it does not give project specific information for the short-range. Generally, a formal capital improvement plan (CIP) identifies the capital projects to be completed, and coordinates financing and timing of completion. Currently, the District's capital projects planning comprises various components of a capital improvement plan. These components include rollover bond information, technology plan, technical team recommendations, and 2 year plan and 7 year needs forecast summaries. The District is currently in the process of combining the Long-Range Facilities Plan and the various components of its capital projects planning into a formal CIP. District officials indicated this plan should be completed by February 2005, and will be updated annually and presented to the Board of Trustees.

Improvements Needed in Energy Conservation Program

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 projects were not competitively bid and some did not accomplish significant energy savings. Energy costs across the State and nation have increased to levels requiring close monitoring and management. The 2001 Legislature appropriated \$6.5 million to assist school districts in meeting the demands of rising energy costs. Of that amount, Washoe County School District received \$1 million. In fiscal year 2003, the District spent \$10.9 million on utilities.

Energy Conservation Plan Is Lacking

An energy conservation plan guides the school district in ways to lower energy use and utility costs. Not only do such plans minimize waste, they encourage energy awareness across the District. Although the District has implemented some energy conservation measures, it has not developed an energy conservation plan. Furthermore, our survey of District employees found only 26% of 422 respondents felt the District has an effective energy conservation program. Only 41% of respondents felt the District informed them of the energy program and their role in cost savings. Development of a comprehensive energy plan would help inform staff and could provide additional savings to the District.

Other states' best practices recommend the adoption of energy conservation plans. According to Clark County School District's budget highlights, their energy program achieved significant savings in fiscal year 2004. With the addition of more monitoring staff, the savings are expected to increase in fiscal year 2005.

The following are some of the suggested items to include in a comprehensive energy plan:

- realistic energy saving goals
- ways to keep the plan visible and linked to the budget
- commitment from the School Board and Superintendent
- designation of an energy manager

Conservation Agreements Were Not Competitively Bid

To help control energy costs, the District has contracted with an energy retrofitting company. Between 1997 and fiscal year 2003, the District has entered a pilot program agreement with four program extension agreements (phases 1 through 4)

with this company totaling about \$15 million. Competitive bids were not obtained for any of the agreements, as required by state law. NRS 338 provides bidding guidelines for governmental agencies. More recently, the 2003 Legislative Session amended NRS Chapter 332 to include a section for performance contracts for operating cost-savings measures. This amendment requires the local entity to issue a request for qualifications (RFQ) to not less than three potential qualified service companies. It also requires the local entity to compile a list from the RFQs of those companies it determines satisfy the requirements of qualified service companies. If the local entity wants to enter into a performance contract, it must notify each appropriate qualified service company.

District personnel believed the agreements were for professional services, and therefore were exempt from the bidding requirements. However, the agreements were not exclusively for professional services. The energy conservation measures implemented through these agreements included lighting retrofits, HVAC retrofits, roof replacements, boiler retrofits, and ventilation upgrades.

Energy Savings Were Insufficient for Projects

Energy savings were sufficient to recover the costs of retrofitting for only two of the four program extension agreements entered into by the District since 1997. NRS sections and industry standards suggest that energy conservation projects be evaluated to ensure the savings will justify the retrofit costs. For an energy conservation retrofit project to be paid for with savings from reductions in energy usage, those savings should occur within the useful life of the project. The energy services company contracted by the District to undertake various energy conservation retrofit projects guaranteed energy savings over a 10-year period. The U.S. Environmental Protection Agency also recommends using a 10-year period when evaluating the worth of energy conservation retrofit projects. Exhibit 12 shows the project cost, guaranteed annual savings, and years to recover the costs (payback) for the four projects.

**Energy Retrofit Projects
Fiscal Years 1997 - 2003**

Pilot Program Extension Agreement	Project Cost	Guaranteed Annual Savings	Payback (Years)
Phase 1	\$5,294,076	\$481,798	11
Phase 2	\$2,152,858	\$204,948	11
Phase 3	\$4,826,612	\$234,995	21
Phase 4	\$2,557,455	\$ 34,141	75

Source: Washoe County School District Records.

As shown in Exhibit 12, the simple payback for the third and fourth phases were 21 and 75 years, respectively. This is well beyond the useful life of the projects. We asked District staff if a formal financial analysis was conducted to determine the worth of pursuing each phase of the energy conservation retrofit project. District staff indicated they believe a financial analysis was conducted but could not provide an analysis for any of the projects.

Maintenance and Housekeeping Lack Complete Policies and Procedures

The Maintenance and Housekeeping Divisions do not have complete policies and procedures in place to help employees know their responsibilities and to ensure good business practices are followed. Other states' best practices acknowledge the importance of comprehensive policies and procedures over maintenance and housekeeping functions. In addition, internal control standards recommend policies and procedures are documented.

Housekeeping Supplies

Housekeeping supplies are purchased and stored at a central location and allocated to schools by the housekeeping supervisor. In addition, the Housekeeping Division assumed control of housekeeping supply budgets for each school and non-school site in fiscal year 2003. However, the Division has not developed procedures for the inventorying, distributing, and safeguarding of the supplies. Procedures would help to provide greater assurance that supplies are not stolen or wasted.

In addition, the Division tries to maintain 2 or 3 months of custodial supplies. However, a review of the supplies inventory found about half the supplies had quantities exceeding 5 months and nearly 25% had quantities exceeding 1 year. Although the

Division's inventory listing identifies order points, no ordering guidelines have been developed. In addition, many of the supply order points exceed the 2 or 3 month quantity the Division tries to keep on hand. Although supply inventory costs are not excessive, large amounts of supplies can reduce the District's operating budget and increase storage needs. Opportunities may exist for additional savings in this area.

Maintenance Division

The Maintenance Division has not developed complete policies and procedures to assist employees in carrying out their duties. Establishing procedures helps promote good administrative practices and efficient operations. In addition to a lack of a complete policy manual, we also identified several instances where policies and procedures could help improve Division operations. For example:

- The Division uses many types of large and small equipment and tool items. Although equipment and tools are either recorded in a database or hand-written records, there is no process to periodically count the items. These items represent a significant value to the Division. Many of the items are small and easily misplaced, lost, or stolen.
- The Division does not monitor deferred maintenance activity. The Division indicated the list is reviewed quarterly by the plant facilities supervisor and annually by the plant facilities administrator. Upon further review, we found no evidence this routinely occurs.
- The Division has not established procedures for determining general work order priority and estimating completion dates for input in the ACT1000 system. During our work on the Preliminary Survey Report, we were told that priority guidelines existed. However, these guidelines are used to assess the condition of District facilities as part of its periodic facilities assessment program in the Facilities Condition Information System, not to prioritize general maintenance.

Recommendations

6. Require all District schools to use the Process Cleaning method.
7. Continue developing the construction management procedures.
8. Continue developing the capital improvement plan and develop procedures to periodically review and update the plan as needed.
9. Develop a comprehensive energy management plan.

10. Perform a cost benefit analysis for each energy retrofit contract and competitively bid the contracts.
11. Develop maintenance policies and procedures, including procedures for custodial supply inventories, maintenance equipment and tools inventories, monitoring deferred maintenance, and determining general work order priorities.

Personnel Management

We found the Human Resources Division has implemented some innovative programs and, generally, meets the needs of the District employees and management. However, some improvements are necessary to ensure its recruitment and retention efforts maintain qualified staff. For example, the Division needs to improve its planning efforts and compile operational data to manage its personnel resources effectively. These and other personnel management issues have been mentioned in prior audits and management reviews, but the District has not fully addressed them. Because personnel costs comprise nearly 90% of the District's budgeted expenditures, improvements are needed to assist in making financial and operational decisions and ensure management directives are followed.

Human Resources operations should be further enhanced when the District completes efforts to develop comprehensive, consolidated procedures. In 2002, the Division started to develop procedures by following guidelines set forth in a quality management system. However, this process is not complete and, as a result, the District still does not have all-inclusive procedures.

Personnel Program Accomplishments

The WCSD has developed programs intended to improve recruitment and retention of employees. For example, WCSD is in the process of implementing an on-line application system. This system should streamline the process and track recruiting efforts. According to The New Teacher Project, a nonprofit group that helps some of the largest school districts recruit teachers, Clark County School District (CCSD) has a similar system that eliminated data entry and dramatically improved application turnaround time.

WCSD has also implemented two programs in recent years in an effort to maintain a stable and effective work force. Each of the programs is briefly described below:

Mentor Teacher Program – The purpose is to train veteran teachers to serve as mentors to novice teachers. According to District reports, between 1997 and 2001, 5.4% of new teachers in the mentor program resigned as compared to 10.5% of new teachers not in the program. The District continues to assess and modify this program not only to address teacher retention but to help impact teacher performance and student achievement.

Teacher Performance Evaluation System (TPES) – WCSD is part of a five-year study funded by the U.S. Department of Education to find connections between teacher and administrator attitudes and behaviors, their evaluation scores, and student achievement. After 3 years, the majority of teachers believed the evaluation process reflected good teaching and the system could improve teaching. In addition, administrators felt that TPES helped them frame evaluation discussions, provide useful feedback to teachers, and generally augmented their instructional leadership.

Lastly, the District has taken action to identify why teachers leave the District, including what job aspects were factors in leaving and what job aspects caused dissatisfaction. According to a survey performed by the University of Wisconsin, over half of the teachers exiting WCSD during or after the 2002-2003 school year cited retirement as the reason for leaving. Key portions of the survey are summarized in Appendix C.

Improvements Needed in Planning and Evaluating Recruitment Efforts

The WCSD would benefit from tracking recruitment efforts and integrating this information into a formal recruitment and retention plan. Prior audit, consultant, and internal reports advised the Human Resources Division to develop a recruitment and retention plan. These reports also identified the need to improve the Division's information system to compile and evaluate efforts.

Recruitment and Retention Plan

In 1999, the Division drafted a document containing the components of a recruitment plan. This document defined the Division's goals, identified action steps, established anticipated completion dates, and defined anticipated results. However, this document was not completed. A plan is important because the District faces recruitment challenges when having to hire 400 to 500 new teachers each year.

Planning is a basic, core element of management. Without a plan, the risk that efforts are inefficient and ineffective increases.

The District relies primarily on the experience of its personnel to determine how it will recruit. Techniques employed include:

- attending job fairs
- cultivating relationships with local colleges and universities
- utilizing a web-based recruitment service
- attending events that could generate potential job seekers

In an area related to recruitment, the District does not have a stated business strategy addressing teacher retention. As part of its comprehensive human resources plan, the District should develop a strategy for addressing teacher retention. The plan should identify the District's goals for teacher retention, define the measurable objectives, and design strategies to attain those objectives. Finally, monitoring the results of those efforts is essential for future planning.

Evaluate Results of Recruitment Efforts

The District also does not currently compile data on the results of its recruitment efforts. Monitoring results of efforts would allow the District to more efficiently utilize its scarce resources. Comparing historical data to current and projected needs in its recruitment efforts would assist the recruitment process. For example, with the historical data the District could evaluate the results of various job fairs, and then eliminate those non-producing recruiting locations.

Our survey of District employees indicated a mixed reaction to the question of whether the District has an effective recruitment program. Most District management and school administrators believe the District has an effective recruitment program; however, only about one-third of teachers and support staff believe it is effective. Furthermore, in a related area, most respondents to our survey did not think the District's hiring practices minimized the time to fill positions. Evaluating recruitment data could help in improving the effectiveness and timeliness of the recruiting process.

Better Management Data Needed

The District's human resources information system does not provide basic data needed by personnel managers to effectively manage operations. The human

resources information system cannot provide accurate position counts, calculate turn-over rates without significant personnel effort, and produce vacancy reports. This information is an important management tool used for planning and budgeting.

The need to improve the human resources information system has been identified through various audits and reviews since 1997. Although some information system issues have been addressed, others have not. An adequate information system is essential for effective internal control. Operational and financial data is needed to make operating decisions, monitor performance, allocate resources, and ensure effective and efficient uses of resources.

Position Control Could Be Improved

The District needs to implement a better district-wide position control system. This issue has been noted in numerous reviews since 1997. A position control system acts as a budgetary control, helping to ensure personnel expenditures do not exceed budgets. Accurate position information is also essential for budget preparation, trend analysis, and workforce forecasting.

To address concerns related to position control, one staff person in the business office monitors employees assigned to schools. This is a manual monitoring process, performed by matching two spreadsheets, and is very labor-intensive. Controls are weakened because this position also has system access to change payroll and personnel information. Without an adequate position control function, it is possible to overfill positions, fill unauthorized positions, or overpay employees – all of which can result in budget overruns.

Clearly Defined and Structured Training Program Is Needed

Although the WCSD puts forth significant effort into professional development, the training planning and reporting structure needs addressing. Our survey found most teachers and administrators believe that the District's professional development classes improved their skills. However, the District lacks a district-wide training plan. Also, the current structure and responsibilities need to be more clearly defined. This is important because WCSD training costs are significant. In fiscal year 2003, the District spent nearly \$4.5 million for training of teachers, administrators, and staff. This amount included about \$1.7 million in federal grants, including funds related to the No Child Left

Behind Act. Having well-trained employees is imperative to meet student achievement goals and operate efficiently and effectively.

No Comprehensive Training Plan

The District does not have a comprehensive plan regarding district-wide training goals and objectives. Prior audit recommendations and studies have pointed out the need to develop a consolidated training plan that addresses not just teachers and administrators but all staff development. In 1997 and 1999, recommendations were made to develop a consolidated training plan, expand resource commitment to staff development and training activities, and implement district-wide coordination of this function. Further, in 2001, an internal task force recommended a formalized system for managing all staff development services. Although separate training programs within the District, such as the Northwest Regional Professional Development Program and the Mentor Teacher Program, have plans and strategies, the District as a whole does not.

Reporting Structure for Training

Despite some positive changes in recent years, the reporting structure and responsibilities of WCSD's training program are still unclear. Three years ago, the District made changes to better coordinate training programs within the Center for Teaching and Learning (CTL). The CTL's purpose is to provide leadership, direction, and instructional support designed to improve student achievement. According to management, this move has allowed the professional development and curriculum functions to work together more and better utilize limited resources.

Another positive change is the formation of the Student Achievement Leadership Team. The Team reviews and comments on training offerings for teachers and school administrators, ensuring the direction and content of professional development is aligned with District goals. However, its role and purpose are not clearly defined.

The District is again reorganizing its training program structure to be in effect for the 2004-2005 school year. Although this structure appears to be a good start, it could be more clearly structured and the responsibilities more clearly defined. For example, the proposed reorganization shows several training programs without any direct reporting line. In addition, the proposed reorganization does not address other training

programs. The Principals Academy is not shown on the CTL organization chart even though the Principals Academy Coordinator reports directly to CTL's director. Also, the responsibilities of the Human Resources Division and other department heads in training non-certified employees are not included. Not having a clearly-defined structure increases risk for duplication of efforts and unmet needs.

Recommendations

12. Develop a recruitment and retention plan.
13. Track and analyze data on the effectiveness of various recruitment efforts.
14. Develop procedures to ensure all positions are authorized and limit position control staff's ability to modify personnel information.
15. Continue the review and development of consolidated, comprehensive procedures related to personnel management.
16. Modify the human resources information system to provide operational data on employee turnover and retention.
17. Continue the reorganization of the District's training function, ensuring a training plan is developed that includes all District staff, and that clearly defines the responsibilities and organizational structure of the function.

Transportation

Opportunities exist to improve the operation of the Transportation Department. The District can improve its process for developing bus routes to reduce the number of buses needed. In addition, it needs to develop a bus replacement cycle that will help reduce maintenance and operating costs. Finally, the District needs to compile and review information about bus operating costs and fuel consumption to help minimize costs. We estimate the District can save over \$1.3 million annually by better managing transportation operations. These savings would be available for use in the classroom or operations, including the Transportation Department.

The District transports over 18,000 students on more than 450 daily runs. The Transportation Department is responsible for the operation and maintenance of 292 buses and 164 other vehicles throughout the District. During fiscal year 2003, the Department had approximately 340 FTEs, of which 290 were bus drivers and assistants. The Department had expenditures of approximately \$13 million for fiscal year 2003. Services are provided from three separate transportation facilities, with the central facility located in Sparks.

Bus Routing Could Increase Efficiency

The Transportation Department can increase efficiency in bus routing through several best practices used in other states and the student transportation industry. These best practices include the use of computerized routing software and staggered school start times. We estimate the District could save over \$1.3 million from the increased efficiency associated with better bus routes and the need for fewer buses. These savings do not include any efficiencies that might be achieved when the Board reviews the student walk zone policy.

Routing Software

The Department purchased the SMARTR computerized bus routing system over 4 years ago, but still schedules bus routes manually. The SMARTR system cost \$61,000 and requires annual maintenance costs of \$9,000. According to Department officials, the primary reason for purchasing this system was to address zoning, even though the District accepted the 1997 KPMG audit recommendation to purchase a bus routing system. Department officials feel that additional staff would be necessary to implement the bus routing portion of the package. We agree some staff would probably be required to fully use the SMARTR system. However, we believe the significant savings the Department could obtain would more than offset these costs.

The 1997 KPMG audit report recommended the purchase of computerized routing software. At that time, KPMG estimated the District would save between 10% and 15% over baseline costs or about \$600,000 each year. Using this same methodology, we estimate the District could have saved over \$1.1 million in fiscal year 2003 due to the increase in expenditures since the 1997 report. When Clark County

School District implemented a bus routing package, it reported operational savings of about \$3 million for fiscal year 1997.

The increased efficiency associated with better routes will also reduce the number of buses the District relies on to provide transportation for students. This, in turn, reduces the need for future bus purchases. For example, Clark County School District reported for fiscal year 1997 it needed approximately 10% fewer buses upon implementation of a computerized bus routing system, thereby saving approximately \$8 million. Therefore, not only could Washoe County School District save on operating costs, it could eliminate older buses and reduce its future capital expenditures.

Computerized routing software is designed to help ensure districts select and implement the most efficient routes. Washoe County School District Board Policy 3545 requires buses to be assigned to routes that accomplish the most efficient use of available seating capacity. Other districts using computerized routing systems have reported an increase in productivity and efficiency.

Staggered School Start Times

The District's current school start times allow most buses to make only two runs each morning and afternoon. Each morning and afternoon buses pick up or drop off middle or high school students and then pick up and drop off elementary school students. Adjusting school start times that allow each bus to maximize the runs made each morning and afternoon could increase efficiency resulting in the District needing fewer buses and drivers to meet the student transportation needs. In addition, the excess buses could be used to replace older buses.

KPMG recommended the District explore further staggering of school start times after the implementation of a computerized routing program. In addition, other states' best practices recommend the use of staggered start times to increase efficiency. For example, the Texas School Performance Review's 101 Ideas for Cutting Costs and Maximizing Revenues states districts should stagger start times so each bus and driver can make multiple routes each morning and evening. Florida's best practices indicate districts should adopt staggered school start times to help ensure the district's buses can serve as many students as possible, unless the district can demonstrate through

financial analysis that staggered school start times would not make student transportation more cost-efficient.

During fiscal year 2003, the Department estimated it could save approximately \$245,000 through additional school start times. However, the District has not yet adopted additional start times that would increase the number of runs each bus could make. In addition, actual savings cannot be determined until revised start times are processed through the Department’s routing system. Furthermore, other factors can impact these savings such as increased bus usage.

Review Student Walk Zone Policy

Washoe County School Board Policy 3545 requires the District to provide transportation to elementary, middle, and high school students living more than 1, 2, or 3 miles, respectively, from their school. Although District officials indicated the Board has reviewed the walk zones, the policy has not been updated to reflect any reviews since 1997. Since that time, the Transportation Department prepared a report that outlined the cost savings associated with increasing walk zones in ½ and 1 mile increments. The April 2001 report estimated the District could achieve savings between \$490,000 and \$620,000 by increasing the distance students must walk. Actual savings will be affected by other transportation improvements and operations. Exhibit 13 summarizes the Department’s estimated savings that may be attained by increasing the walk zones.

Exhibit 13

**Expansion of Walk Zones
2004**

Type of School	1/2 Mile Increase Savings	1 Mile Increase Savings
Elementary	\$ 334,915	\$ 415,757
Middle School	\$ 70,830	\$ 99,162
High School	\$ 88,020	\$ 105,624
Total	\$ 493,765	\$ 620,543

Source: Washoe County School District Transportation Department.

Other states and districts have a variety of student walk zones, ranging from 2 miles for all students to different walk distances depending on grade level, similar to the District's. Exhibit 14 summarizes the other states' and districts' student walk distances.

Exhibit 14

**Student Walk Zones
Other States and Peer Districts
2004**

State/District	Elementary School (miles)	Middle School (miles)	High School (miles)
Texas	2	2	2
Florida	2	2	2
Clark County School District	2	2	2
Wichita, Kansas	2.5	2.5	2.5
San Juan, California	.75 to 1	2	3
Anne Arundel, Maryland	.5 to 1	1.5	1.5
Washoe County	1	2	3

Source: LCB Audit Survey and Washoe County School District.

Increasing walk zones is a sensitive issue and concerns will need to be addressed with the community and staff if walk zones are extended. Based on our survey, the majority of 223 district managers, teachers, and school administrators felt the current walk zones should not be increased. However, it is important the Board periodically review the policy to ensure it still reflects their intentions.

Bus Replacement Policy Needed

The District has made some efforts in recent years to replace buses in a timely manner, but further improvements are needed. Older buses cost significantly more to operate and are less likely to have the latest safety features. Over 60% of the District's buses are older than 14 years and have been driven an average of 270,000 miles. Industry standards vary for bus replacement cycles; however, most generally recommend replacement of buses every 12 to 15 years. Although industry standards can be used as a general rule, maintenance and operational data is also needed on each bus to make cost-effective decisions. However, the Department lacks this key data to help them make economical decisions on when to replace buses.

Age of Bus Fleet

In November 1993, the District started a 5-year rollover-financing plan to replace buses. Even with the 5-year plan, 62% (180) of the District's 292 buses are model year 1990 or older. For these buses, the average total mileage per bus is nearly 270,000 miles. Exhibit 15 shows a breakdown of the District's buses as of March 2004.

Exhibit 15

District Bus Fleet March 2004

Model Year	Age in Years	Number of Buses	Average Total Miles	Average Annual Miles
1978	26	2	297,784	11,453
1979	25	6	350,960	14,038
1980	24	1	109,158	4,548 ⁽¹⁾
1981	23	27	368,071	16,003
1983	21	5	346,349	16,493
1984	20	5	331,479	16,574
1985	19	5	241,312	12,701
1986	18	8	368,625	20,479
1987	17	10	295,459	17,380
1988	16	26	229,230	14,327
1990	14	85	225,476	16,105
1994	10	9	225,870	22,587
1995	9	10	158,049	17,561
1996	8	15	155,902	19,488
1997	7	26	132,850	18,979
1998	6	1	105,027	17,505
1999	5	14	108,136	21,627
2000	4	16	85,273	21,318
2001	3	16	52,201	17,400
2003	1	5	25,566	25,566
Total Buses		292	211,389	17,411

Source: Washoe County School District Transportation Department.

⁽¹⁾ 4-Wheel Drive Bus Used Springly.

The age of a bus fleet can result in increased maintenance costs. Older buses cost more to maintain than newer model buses. According to a report from the National Association of State Directors of Pupil Transportation Services, two studies done in California and Washington identified that after 12 years of use, the annual operating cost of school buses began to increase significantly and continued to increase each year thereafter. As such, whenever operating and maintenance costs reach a certain

level, it may make better economic sense to purchase a new bus rather than continue to maintain an older one.

Carpenter Buses

The District faced challenges in fiscal year 2004 because of 71 Carpenter buses in its fleet. After a school bus accident involving a Carpenter bus in Florida, it was found that Carpenter buses built between 1986 and 1995 may have significant safety issues. As a result, the District and Nevada Highway Patrol inspected all of the District's Carpenter buses. Several of the buses had significant defects in welds connecting the roof of the bus to its sides and were immediately removed from service. As of May 2004, the District had removed 27 Carpenter buses as a result of roof inspections. Exhibit 16 shows a breakdown of the District's Carpenter buses.

Exhibit 16

**Status of Carpenter Buses
May 2004**

Status	Number	Newest Model Year	Average Age	Average Mileage
Removed for Roof Defects	27	1990	18 Years	322,620
Removed for Other Reasons (Engine, Accident, Etc.)	10	1990	23 Years	314,221
In Service	34	1987	22 Years	358,288
Overall	71	1990	21 Years	338,518

Source: Washoe County School District Transportation Department.

On average, the Carpenter buses in service are 22 years old and have over 350,000 miles. Of the 34 buses in service, all are more than 15 years old. These buses either did not have roof defects or were repaired and have been reassigned to lower speed routes to better insure safety. As a result of this issue, the District, during fiscal year 2004, made additional appropriations of \$200,000 and contingency fund appropriations of \$1.5 million to purchase 34 buses in addition to the 20 buses originally budgeted. Had the District been following a standard bus replacement plan, a majority of the Carpenter buses may have already been replaced.

Development of a Replacement Policy

Even though the District generally follows its 5-year rollover financing plan, there is no evidence this plan has been adopted by the Board as its replacement policy. Further, the National Association of State Directors of Pupil Transportation Services believes the timely replacement of buses must be a planned process. Available funding is likely the single most important consideration in determining when buses are replaced. However, the policy should also be based on an analysis of total miles operated, age, and operating and maintenance costs. In addition, the policy should consider a route rotation plan to accrue mileage evenly and reduce unequal bus wear.

This type of policy provides several benefits, such as older buses or higher maintenance buses are replaced first. In addition, the policy allows for better budgeting since smaller numbers of buses are purchased each year. This can help to avoid situations like the appropriation the District needed in fiscal year 2004. Finally, it impacts the timeliness of introducing the latest safety, efficiency, and emissions improvements into the fleet, demonstrating a commitment to maintaining an up-to-date fleet.

Other states' best practices recommend that school boards adopt a bus replacement cycle. Industry standards vary regarding when to replace buses, but generally recommend a 12 to 15 year replacement cycle. In addition, the KPMG report completed in 1997 recommended the District adopt a bus replacement cycle. As stated in the KPMG report, replacement plans are standard practices for bus managers. These plans allow managers to determine the point when it is more costly to repair a bus than replace it. By knowing the replacement schedule beforehand, transportation managers are able to budget accordingly.

Vehicle Operating Information Not Available

The Transportation Department does not have vehicle operating information in a usable format. Although fuel usage for two of the District's three transportation facilities has been entered into the new fleet management system, vehicle maintenance records have not. This information is in paper files at the various facilities and has not been compiled. In addition, information prior to August 2003 cannot be loaded to the new

database. As such, the Department is unable to determine and analyze bus operating costs.

Fleet Management System

In August 2003, the Department purchased a new fleet management system. The new fleet management system's capabilities include, but are not limited to, the following:

- vehicle repair history
- preventive maintenance tracking
- fuel usage
- parts inventory
- work orders

According to Department officials, the new system was purchased because the previous system was too expensive to maintain and was unreliable. However, in making the transition, the Department did not get historical information from the old off-site storage in a readable format. The historical information was provided to the Department in a language that District information systems cannot read. As such, the Department is unable to access vehicle operating data prior to August 2003.

New System Not Fully Used

The Department has not used many of the capabilities of the new system during much of fiscal year 2004. Department officials cited the challenges associated with the Carpenter buses as the main reason that the system had not been fully implemented. Examples of system features that had not been fully implemented include the following:

- The Department has not input vehicle maintenance data into the new system. Consequently, the Department's only maintenance records are in paper files, making it time-consuming for tracking maintenance and doing comparative analyses. This limits the Department's ability to assess bus efficiency and impairs its decision-making ability regarding whether to repair or replace a bus.
- Only two of the three transportation facilities have entered fuel usage information into the new system. Staff at one of the facilities reported being told not to use the new system, while staff at another facility was told to enter fuel information.
- Throughout much of fiscal year 2004, the parts inventories were not tracked using the fleet management system. As of June 2004, the Department was

working on entering parts information into the system with the hope of implementation for fiscal year 2005.

Operational data is needed when making decisions, including which bus to use for particular routes and which bus to replace. The District will be receiving over 50 buses in calendar year 2004. Therefore, operational data such as vehicle repair history and fuel usage is critical in determining which buses should be replaced. For example, review of this data may indicate buses that can be operated longer or which should be replaced sooner.

Tracking operational information offers many benefits. First, it ensures preventive maintenance is done; second, it helps identify recurring problems; and third, it tracks total costs per vehicle and employee productivity. A tracking system can also identify warranty information. However, a tracking system must be used and monitored to be effective. The last report available showing maintenance and fuel costs per bus we were able to obtain was for fiscal year 2001. This information shows miles per gallon (mpg) and miles driven fluctuate widely among buses. For example, fuel use ranged from 4 mpg to over 33 mpg. We saw no evidence this information was reviewed to ensure its accuracy. Accurate records on the operating and maintenance costs provide the data necessary to analyze bus costs and to make informed decisions.

Fuel Usage Controls Could Be Improved

The District's controls over vehicle fuel at its transportation facilities are not adequate. The District operates three transportation facilities where District vehicles can be fueled. According to District officials, during fiscal year 2003 the Department purchased nearly 700,000 gallons of fuel at a cost of over \$750,000. With rising fuel prices in fiscal year 2004, District officials indicated they purchased over 670,000 gallons at a cost of over \$850,000 through May 2004. Without adequate controls, the District cannot be assured that fuel is being used only as authorized. In addition, without vehicle operating information as discussed earlier in the report, the District cannot analyze vehicle fuel consumption to identify variances and fluctuations. Analyzing operational data has several benefits, including detecting fraud, identifying poorly running vehicles, and determining vehicles with high operating costs.

At the main transportation facility, a cardlock system requiring a fuel card and personal identification number (PIN) is required to operate the fuel pumps. However, the fuel cards are kept in an unlocked desk drawer and the PINs are written on each card. With the PINs written on the cards, anyone with access to the card can fuel vehicles.

Although employees need a PIN and the vehicle number to begin pumping fuel, an override code can be used. Employees reported that the override code is used primarily when fuel is needed for lawnmowers and other equipment that do not have vehicle numbers. However, the Department lacks procedures requiring supervisory approval when the override number is used. We identified over 3,000 gallons of fuel with the override code in fiscal year 2004. However, we found no evidence the Department reviewed the use of the override code to ensure the fuel usage was appropriate.

The other two transportation facilities do not have a cardlock system in place. All fuel is to be entered into a paper log with vehicle numbers. Individuals at the bus yard reconcile the fuel pumped and the paper log on a daily basis. We examined several days' reconciliations and found no variances. However, the paper logs could be easily manipulated for the reconciliation.

The Department plans to establish a contract with Western Energetix to provide fueling services. This contract should go a long way in helping the District control fuel costs. However, the District still needs an adequate control environment and needs complete data to monitor vehicle fuel usage activity.

Recommendations

18. Use bus routing software to design the most efficient bus routes.
19. Consider a school start schedule to maximize daily bus runs.
20. Periodically review the walk zone policy to ensure it still meets the needs of the District.
21. Adopt a bus replacement policy to help ensure buses are replaced in a timely and economical manner.

22. Implement and fully utilize the fleet management system including procedures for data input, parts inventory control, maintenance and fuel control, and data analysis.
23. Establish effective controls over fuel usage.

District Organization

The Washoe County School District is governed by a Board of Trustees. The Board employs a superintendent to administer the District and carry out Board policy. The District's staffing ratios and administrative costs appeared reasonable when compared to other districts' averages. In addition, the District has done a good job in getting more of every dollar spent into the classroom even with the lowest per pupil expenditure among its peer group. However in governing the District, the Board and Superintendent could make several improvements to provide better management. For example, policies and procedures need to be reviewed and updated, and the Board needs to perform self-evaluations. Further, an audit committee needs to be activated and the internal audit function needs to be enhanced. These changes would go a long way in providing better accountability of the District's operations to the Board and the public.

Staffing and Administrative Costs Per Pupil Were Reasonable

The District ranks favorably with its peer districts in pupils per teacher. According to the U.S. Department of Education's National Center for Education Statistics (NCES) latest information for 2003, the District averaged 15.9 pupils per teacher. This places the District in the upper half of its peer districts. The District also compares favorably to Nevada's pupils per teacher ratio of 19.6. Exhibit 17 shows the pupils per teacher ratios for 2003.

**Pupils Per Teacher
2003**

District	Pupils Per Teacher
Aldine, Texas	14.9
Washoe County, Nevada	15.9
Wichita, Kansas	16.1
Anne Arundel, Maryland	16.6
San Juan, California	20.7
San Bernardino, California	21.2
Nevada	19.6

Source: NCES 2003.

In addition, the District ranks favorably with its peer districts in pupils per administrator. According to the National Center of Education Statistics latest information for 2003, the District averages about 343.1 students per administrator. This places the District in the upper half of its peer districts. Although, the District is a little below Nevada's statewide ratio of 358.0, it is still reasonable when compared to its peers and given the diversity in Nevada between districts. Exhibit 18 shows the pupils per administrator ratios for 2003.

**Pupils Per Administrator
2003**

District	Pupils Per Administrator
Aldine, Texas	135.7
Anne Arundel, Maryland	275.0
Wichita, Kansas	322.9
Washoe County, Nevada	343.1
San Juan, California	388.5
San Bernardino, California	497.3
Nevada	358.0

Source: NCES 2003 and auditor calculated.

Administrative costs are those associated with managing the District at both the school and district level. At the school level, administrative costs are primarily associated with such things as the principal's office and staff. At the District level, administrative costs are associated with the personnel, business, and superintendent functions. Of its peer districts, the District has the second lowest administrative cost per student at \$771. Exhibit 19 shows administrative costs per pupil for 2001.

Exhibit 19

**Administrative Cost Per Pupil
2001**

District	Administrative Cost Per Pupil
Aldine, Texas	\$677
Washoe County, Nevada	771
Wichita, Kansas	798
San Bernardino, California	829
Anne Arundel, Maryland	867
San Juan, California	947
Nevada	\$912

Source: NCES 2001 and auditor calculated.

Dollars to the Classroom Favorable

Although the District is lowest in per pupil current expenditures among its peer districts, it has done a good job in getting more of every dollar spent into the classroom. According to the most recent financial information provided by NCES for 2001, the District ranks high among its peer districts for the percent of every dollar going into the classroom. WCSD had 61.3 cents of every dollar going into the classroom, while the peer districts averaged 60.1 cents. Exhibit 20 shows current expenditure per pupil, current instructional expenditure per pupil, and the percent of every dollar spent that goes into the classroom for fiscal year 2001.

**Percent of
Dollars to the Classroom
2001**

District	Current Expenditure Per Pupil	Current Instruction Expenditure Per Pupil	Classroom Dollars %
San Juan, California	\$7,144	\$4,486	62.8 %
Aldine, Texas	6,835	4,268	62.4
Washoe County, Nevada	5,751	3,526	61.3
Anne Arundel, Maryland	7,793	4,654	59.7
Wichita, Kansas	6,533	3,767	57.7
San Bernardino, California	6,699	3,868	57.7
Nevada	\$5,798	\$3,438	59.3 %

Source: NCES 2001 and auditor calculated.

Classroom dollars used in our analysis are based on the definition developed by the NCES and accounted for by the District. Classroom dollars include expenditures such as teacher salaries, benefits, and supplies. Current expenditures are those costs used to operate the District. Current expenditures exclude costs for debt repayment, capital outlays, and other programs outside the K-12 area.

Opportunities for Better Governance

The Board uses the Key Work of School Boards governance style. The Key Work of School Boards is a framework of eight key action areas intended to support and guide school boards as they focus their efforts on student achievement. Using this guidance will enable the Board to provide leadership through governance. Although Board policy 9720 requires an annual self-evaluation using the Key Work of School Boards governance, we found no evidence the Board performed these evaluations. In addition, the National School Boards Association’s publication “A Guide to Effective School Board Service – Becoming a Better Board Member” states an effective board has procedures for self-assessment and invests in its own development. It further states a Board should be evaluated regularly to ensure it continues to exercise effective leadership.

The policies of the Board define the organization and the manner of conducting the business of the school district. The Board adopts general policies as guides that provide authority and responsibility for the Superintendent and administrative staff. Application of general policies to specific situations is an administrative detail to be performed by the Superintendent and the administrative staff. Although policies and procedures have been developed, many date back to 1997 and 1998. District policy requires the Board to review policies on a 4-year cycle, one-quarter being reviewed annually. We found the Board reviews policies as presented by staff for amendment, but found no evidence of a routine policy review as required. According to District staff, the last complete policy review was done in 1997. Further, as reported in many sections of this report, the District's policies and procedures could be improved. Internal control standards recommend the adoption of comprehensive policies and procedures to assist employees in knowing their roles and responsibilities.

Operating Oversight Could Be Strengthened

The Audit Committee could be activated and the internal audit function could be strengthened to help improve oversight of school district operations. An audit committee is important because it helps improve accountability and the governance process of the District. Internal audits serve many purposes, including improving the effectiveness and efficiency of operations and the reliability of financial and operational information.

Audit Committee Needs to Be Activated

The Audit Committee has not been active, even though recent management letters issued by the financial auditors recommended the Audit Committee be re-established. On November 25, 2003, the Board directed the District to resume the Audit Committee in January 2004. As a result, a draft of the District policies governing committees was presented to the Board and received preliminary approval on March 16, 2004. As of June 8, 2004, the Committee had three vacancies. At the June 8th regular Board meeting, two community representatives were appointed. However, the employee representative had not been appointed. As such, the Committee is well along in being activated, but the District needs to complete the process.

A primary role of the Audit Committee is to assist the Board with its oversight function for financial reporting and internal controls. One way public officials can demonstrate accountability over public funds is to establish an adequate control environment that includes an effective audit committee.

When considering the implementation of the Committee, the District needs to examine the relationship of its internal audit section to the Audit Committee. To function effectively, internal auditors must operate in an environment of independence and objectivity. Generally, this means reporting to top management or the Audit Committee. The Internal Auditor currently reports directly to the Superintendent. Regardless of the reporting structure, the Internal Auditor should have access to the Audit Committee.

Scope of Internal Reviews Should Be Broadened

The Internal Auditor spends most of the time auditing the student activity funds. Although auditing the activity funds is important, the Internal Auditor should expand the reviews to include district-wide operations. One function of an Internal Auditor is to advise District management and to appraise District operations. For example, the auditor should advise on how to streamline or improve operations, while appraising the organization's control environment.

The internal audit function at WCSD uses a reasonable risk approach to identify areas to audit within the Student Activity Fund. Although \$13 million is processed through these accounts annually, other significant operational areas are not considered in the risk assessment. For example:

- Personnel and payroll costs are about 90% of the District's budget.
- Transportation Department had total expenditures of about \$13.6 million in fiscal year 2003.
- Facilities Department (including custodial, maintenance, grounds, and energy) had a final 2003-2004 budget of about \$36.8 million.

Further, the Internal Auditor developed a student activity accounting manual and provided training to assist District staff and administrators at the school sites with accounting for these funds. These are positive steps in gaining control over the activity accounts at the individual schools. As such, the Internal Auditor needs to consider other areas when developing the risk assessment. The Institute of Internal Auditors

recommends the internal audit activity should evaluate risk exposure relating to the organization's governance, operations, and information systems regarding the:

- reliability and integrity of financial and operational information
- effectiveness and efficiency of operations
- safeguarding of assets
- compliance with laws, regulations, and contracts

In addition, the Internal Auditor's job description requires the Auditor to plan and direct audit activities to provide objective evaluations and recommendations toward improving the efficiency, effectiveness, and economy of operations; and to evaluate the adequacy of accounting and administrative controls.

Reports Should Be Presented to Board

The District does not have policies and procedures for the distribution of internal audit reports and to ensure they are appropriately presented. Although the Internal Auditor provides the Superintendent with completed reports, the Internal Auditor's job description requires significant findings be reported to the Audit Committee or the Board of Trustees. However, audit reports or summary information are not routinely presented to the Board of Trustees, thus the Board may not be up to date on significant issues affecting the District. Governmental audit standards state that officials of the audited entity are responsible for providing appropriate reports to those who oversee their actions and to the public. This helps ensure accountability for the resources used to carry out government programs and the results of these programs.

Follow-Up Process Is Needed

The District also does not have a formal follow-up process for internal audit reports. The District has no policies and procedures directing audit follow-up to help ensure audit recommendations are implemented. The Internal Auditor writes the principal's comments made during the exit conference on a copy of the management letter. However, this provides little assurance that audit recommendations are implemented. Internal control standards state that organizations should ensure that findings of audits and other reviews are promptly resolved.

Organizational Changes

Over the last several years a number of organizational changes have occurred at the District. According to the Superintendent, these changes were made to more effectively provide school services and better manage the District. For example, he stated the last change created district-level administrators more specifically focused upon student achievement at the school level. This changed the structure from having area superintendents that were assigned specific schools to having these individuals responsible for areas, such as elementary education and the Center for Teaching and Learning, secondary education, and operations. According to an analysis completed by the District, this change should result in savings of \$186,000 during fiscal year 2004.

We agree an organization needs to change as circumstances require, but as stated by one survey respondent, change can also give the impression of progress when the opposite is the case. We surveyed District employees regarding the recent organizational changes. The majority of District management and school administrators in our survey feel the changes have made the District more efficient and effective. However, only 22% of teachers and support staff feel the District accomplished this goal. Further, over 25% of survey participants were undecided. These mixed percentages may indicate the changes and the goals were not clearly communicated to all staff.

Recommendations

24. Perform self-evaluations as required by Board policy.
25. Review and update policy and procedures as required.
26. Complete activating the Audit Committee.
27. Expand internal audits to include other areas and develop policies and procedures to include a reporting and follow-up structure relating to internal audit reports.
28. Continue periodically evaluating the District's organizational structure, ensuring the change and the goal are clearly communicated to the Board and District employees.

Employee 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. WCSD has a self-funded health plan that is available to support staff, teachers, and administrators. Employees can choose between a Health Maintenance Plan and a Preferred Provider Plan. During fiscal year 2003, the District made monthly contributions of between \$370 and \$440 per eligible employee, depending on the employee's collective bargaining group. The Health Insurance Fund revenues were about \$38.9 million in fiscal year 2003.

Health Plans Have Reasonable Oversight

The processes used by District staff and others are reasonable to provide good oversight of the health plans. Oversight of the health plan lies with the District's risk manager and accounting staff. District staff perform reconciliations with District records and the information provided by the Third Party Administrators (TPA) to ensure only eligible employees receive benefits. Staff also review the monthly TPA billings. Recently, the District identified a potential concern with the premiums paid from employees that move to a position with a different work year. For example, employees can work 9, 10, 11, or 12-month work years. However, when employees change their work year, this also changes the premiums paid per pay period, that could result in an over or underpayment of contributions. The District has contracted with an independent auditor to examine this area.

The District has also established an Insurance Committee comprised of District and labor union representatives. The Committee meets monthly and reviews various reports provided by the District and its consultant. In addition to the District's oversight, an independent consultant monitors utilization and cost information producing a monthly Health Plan Cost report. The District also uses two TPAs to process and control the benefit claims and expenditures. An independent company periodically performs claims audits on these TPA's.

Rising health care costs are a concern to school districts in Nevada. These unexpected costs have impacted the District's health plans requiring plan managers to make several benefit modifications, such as increasing co-payments and limiting

coverage. In addition, the Legislature, during the 2001 session, made a supplemental appropriation of \$13 million to the Interim Finance Committee. This appropriation was to assist school districts with unexpected health care costs during the 2001-2003 biennium. WCSD requested over \$3.9 million and was allocated \$2.4 million. Our review found the District used the \$2.4 million in accordance with the law's requirements. The District also made an appropriation to the Health Insurance Fund from the District's General Fund in fiscal year 2004. As such, the District money, plan modifications, continued oversight, and the money appropriated by the Legislature should go a long way in maintaining the financial status of employee health care plans.

Recommendation

29. Continue to monitor employee health plans making changes as required.

Appendices

Appendix A Audit Methodology

To gain an understanding of current issues school districts are facing, we reviewed audit reports and educational studies from other states, the U.S. General Accounting Office, and national education organizations. Additionally, we reviewed the Clark and Washoe County School Districts Performance Audit Preliminary Survey Report prepared by our office in 2002. We also visited the school performance review offices of Florida's Office of Program Policy Analysis and Government Accountability (OPPAGA) and Texas School Performance Review (TSPR). In addition, we reviewed applicable NRS and NAC, minutes of Legislative committees and subcommittees, and appropriation and authorization acts and reports. We then reviewed budgets, statistical data, and the audit reports of internal and external auditors. We interviewed management and program personnel, Nevada Department of Education staff, and staff of the Fiscal Analysis and Research Divisions of the Legislative Counsel Bureau. Finally, we performed a risk analysis considering sensitivity, significance, report users, district programs, operations, processes, management controls, and compliance with laws and regulations.

To obtain views on school district operations, we surveyed administrators, principals, teachers, and support staff. We developed the survey questionnaire based on information obtained from OPPAGA, TSPR, and our observations. The surveys were web-based, although respondents were able to obtain and complete a paper questionnaire upon request. Survey participants were selected from District employee listings resulting in a sample of 1,504 District employees. See Appendix B for survey results. We also requested the District identify five peer districts. The District selected San Juan Unified School District, California; Anne Arundel County Public Schools, Maryland; San Bernardino City Unified School District, California; Aldine Independent School District, Texas; and Wichita School District, Kansas as its peer districts. We then surveyed these districts to obtain data that can be compared to WCSD information.

Financial Management

To determine if controls are sufficient to provide accountability for financial resources, we examined the propriety of the District's use of the special appropriations available from the State for textbooks, utilities, at-risk programs, and educational technology. We then met with the Nevada Department of Education and District managers regarding the District's federal grant program. As such, we determined the various grants available to the District, analyzed the federal grant dollars awarded, spent, and reverted, and documented controls over grant expenditures.

Further, we examined the District's Internal Audit function, including development of audit plans, scope of reviews, reporting structure, distribution of reports, and audit follow-up. After that, we analyzed how the District determined the costs for the food service program. We also reviewed food service reports for fiscal year 2003 and analyzed the District's process for maximizing participation in the federal school breakfast and lunch programs. Then, we assessed the District's efforts to obtain Medicaid reimbursement for school-based medical services provided to special needs students. Finally, we reviewed the District's investment and debt management policies.

Facilities Management

To determine if construction, maintenance, and facility usage programs are properly planned and controlled, we documented and evaluated the processes for cost estimation, use of prototype designs, project management, prioritizing maintenance, and evaluating facility condition. In addition, we documented relevant cooperative agreements with other entities. We then reviewed job descriptions and district staffing analyses, computed staffing ratios, and compared staffing levels to peer districts and national and other standards. Additionally, we obtained and reviewed District analyses for the privatizing of maintenance, and custodial functions.

Furthermore, we evaluated the planning and control process over the construction program, documented the accountability mechanisms for the construction program, and reviewed the District's site selection process for new schools. Then, we analyzed the District's facility master plan, bonding authority, and use of bond funds.

In addition, we reviewed the District's use of computer resources to prioritize and track maintenance projects and staff productivity. We also examined the preventive

maintenance program and the district's equipment warranties. Finally, we analyzed the District's energy conservation plan and reviewed the energy retro-fitting program, including controls over the procurement process for energy conservation projects.

Personnel Management

To determine if recruitment and retention efforts are adequate to ensure a qualified staff, we reviewed recent management studies and audits and determined what steps the Human Resources Division has taken, is taking, or plans to take to address each report's recommendations. Since the Division has begun a process of evaluating its internal process using ISO 9001 standards, we determined the Division's progress and discussed plans for the future. We also evaluated the adequacy of their record-keeping system and examined the District's position control system, including employee classification and tracking.

Next, we interviewed key personnel to identify formal and informal recruiting activities, assessed the effectiveness of their efforts, and identified successful recruitment strategies used by the peer districts. We then compared staff patterns to allocation formulas, and reviewed employee turnover. After that, we assessed the District's professional development programs documenting how the programs are developed and operated. We also determined if there is overlapping of the WCSD's professional development classes and those offered by the state-sponsored Regional Professional Development Program. We then determined how the District is preparing teachers to meet the "highly qualified" requirements of the No Child Left Behind Act.

Transportation

To determine if student transportation programs are adequately planned to ensure the safe and efficient transportation of students, we documented the Transportation Department's organizational structure and reviewed the Department's policies and procedures for providing services to the District. We then documented District procedures for receiving federal funding for the transportation of special education students, analyzed historical data on the receipt of federal and state funding, and determined if the District maximized federal reimbursements.

Furthermore, we reviewed the process used to determine maintenance and operating cost per vehicle mile, reviewed the length of time for repairs, and the

methodology used for determining when to complete major repairs. Then, we reviewed the use of staggered school start times, and the District's bus routing system. We also reviewed the District's replacement cycle and how the District purchases new buses.

District Organization

To determine if the organizational structure enhances the effectiveness and efficiency of Board governance and District management, we reviewed District policies and procedures for Board governance and District organization. We also identified the Board's and Superintendent's roles and responsibilities, reviewed the Board and Superintendent evaluation processes, and analyzed the responsiveness of the Superintendent and District staff to the Board. Then, we identified Board committees and functions and compared them to District policies, best practices, and peer school districts. Further, we reviewed the strategic plan of the District and associated District goals, objectives, strategies, and performance measures.

Next, we developed an analysis of instructional, administrative and support staff and compared this analysis to national and peer sources. We then developed cost per pupil and staffing per pupil for administrators, teachers, and support staff and compared this information to national and peer sources. Additionally, we developed the percent of each dollar spent that goes to the classroom and compared this data to national and peer sources. Finally, we evaluated the process for and impact of the recent reorganizations.

Employee Health Plans

To determine if the health plans are appropriately managed, we reviewed health plan documentation for plan years 1999 through 2003 and evaluated them for contribution rates and benefit changes. We then discussed with management the District's efforts to mitigate health care costs and assessed the District's oversight and monitoring responsibilities. Next, we reviewed the processes for establishing new hires in the plan, changing employee plan elections, and reconciling human resource records with payroll deduction and plan payments. We also met with personnel from the Nevada Insurance Division and contacted federal regulatory agencies to obtain an understanding of their oversight responsibilities. Additionally, we reviewed claims audits of the District's third-party administrators. Finally, we reviewed the distribution of dollars

appropriated for unexpected health care costs (SB 587) and assessed the appropriateness of the monies spent.

Our work was conducted from August 2003 to May 2004 in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to officials of the Washoe County School District. On August 18, 2004, we met with District officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix D, which begins on page 89.

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Appendix B

Washoe County School District Personnel Survey

To collect information about the operations of the Washoe County School District, we sent questionnaires to school district personnel. We asked questions about financial management, facilities management, transportation, personnel, organization, and the employee health plan. Survey questions were discussed with WCSD management prior to the survey being sent out.

Questionnaires were sent to personnel from the following five categories:

- District Management – includes Superintendents, Assistant Superintendents, Financial Managers, and all other management level school district employees
- District Support – Includes all other District employees
- School Teachers
- School Administration – includes only school Principals, Assistant Principals, or Deans
- School Support – includes all other school employees including counselors, custodial staff, etc.

Questionnaires were sent to all District Management and School Administration personnel. A sample of personnel from the other three categories was randomly selected. A total of 1,504 questionnaires were sent. The following three tables summarize general information about the respondents, including the type of facility worked at, and years of employment.

Table 1

What type of facility do you work at?	Elementary School	Middle School	High School	District Office	Facilities	Transportation	Other
	38%	11%	17%	20%	4%	3%	7%

Table 2

How long have you been employed by WCSD?	0-5 years	6-10 years	11-15 years	16-20 years	> 20 years
	25%	22%	21%	13%	19%

Table 3

How long have you been in your current position?	0-5 years	6-10 years	11-15 years	16-20 years	> 20 years
	58%	22%	10%	5%	5%

A summary is included in this appendix starting on the next page, and is based on 422 responses. Not all persons responded to each question, therefore, the number of responses to each question is shown as “n”. Percentage totals will not always agree to 100% due to rounding.

District Organization and Management

1. School Board members understand their role as policymakers. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	44%	13%	31%	8%	0%
School Administrators	5%	75%	4%	11%	5%	0%
Overall	5%	61%	8%	20%	7%	0%

2. School Board members are knowledgeable of the operations in the School District. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	0%	40%	6%	38%	17%	0%
School Administrators	4%	54%	7%	25%	11%	0%
Overall	2%	47%	7%	31%	13%	0%

3. The School Board leaves the day-to-day management of the District to the superintendent and staff. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	31%	6%	33%	23%	0%
School Administrators	13%	63%	0%	20%	5%	0%
Overall	10%	48%	3%	26%	13%	0%

4. Administrative practices in the Washoe County School District are effective and efficient. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	58%	8%	21%	6%	0%
District Support	0%	39%	10%	41%	10%	0%
School Teachers	2%	39%	10%	33%	16%	0%
School Administrators	2%	66%	5%	25%	2%	0%
School Support	4%	47%	9%	28%	9%	3%
Overall	3%	47%	9%	30%	10%	1%

5. The Board operates effectively and efficiently under its governing structure. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	0%	31%	15%	44%	10%	0%
School Administrators	4%	66%	4%	23%	4%	0%
Overall	2%	50%	9%	33%	7%	0%

6. The District's administrators are easily accessible and open to input. (n = 374)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Support	4%	43%	10%	32%	10%	0%
School Teachers	3%	39%	11%	31%	16%	1%
School Administrators	9%	75%	2%	11%	4%	0%
School Support	6%	49%	12%	24%	7%	2%
Overall	5%	49%	10%	26%	10%	1%

7. Administrators and others have adequate opportunity for input to the Board. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	2%	65%	6%	21%	6%	0%
School Administrators	5%	54%	11%	23%	7%	0%
Overall	4%	59%	9%	22%	7%	0%

8. Recent organizational changes have resulted in better support to my area. (n = 353)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	13%	46%	6%	21%	8%	6%
School Teachers	0%	18%	23%	36%	18%	5%
School Administrators	23%	45%	9%	16%	5%	2%
School Support	5%	25%	22%	32%	9%	6%
Overall	7%	29%	18%	29%	11%	5%

9. Recent organizational changes have resulted in better access to the District by parents and the community. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	13%	50%	15%	13%	0%	10%
School Teachers	1%	26%	38%	26%	6%	3%
School Administrators	14%	39%	30%	11%	2%	4%
Overall	7%	35%	31%	19%	4%	5%

10. District operations are more efficient and effective since the recent organizational changes. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	17%	35%	19%	21%	6%	2%
District Support	4%	22%	23%	36%	14%	0%
School Teachers	0%	17%	28%	33%	18%	4%
School Administrators	9%	50%	20%	18%	4%	0%
School Support	4%	21%	30%	28%	11%	6%
Overall	5%	25%	26%	29%	12%	3%

11. Employee feedback regarding work and policy issues is encouraged. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	8%	48%	6%	25%	13%	0%
District Support	6%	32%	6%	35%	22%	0%
School Teachers	3%	37%	13%	22%	25%	0%
School Administrators	2%	57%	4%	30%	7%	0%
School Support	8%	40%	8%	28%	14%	2%
Overall	5%	41%	8%	27%	17%	0%

12. I feel valued as a member of the District. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	15%	54%	4%	15%	10%	2%
District Support	7%	38%	3%	28%	25%	0%
School Teachers	2%	34%	11%	27%	26%	0%
School Administrators	11%	55%	4%	20%	11%	0%
School Support	8%	38%	10%	28%	15%	2%
Overall	7%	41%	8%	25%	19%	1%

13. I understand the mission of the District. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	40%	54%	0%	6%	0%	0%
District Support	14%	65%	9%	10%	1%	0%
School Teachers	14%	60%	8%	15%	3%	0%
School Administrators	32%	64%	0%	4%	0%	0%
School Support	12%	73%	7%	7%	2%	0%
Overall	19%	65%	6%	9%	2%	0%

14. District administrators are helpful, knowledgeable, and responsive. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	19%	63%	2%	15%	2%	0%
District Support	4%	42%	10%	32%	12%	0%
School Teachers	3%	39%	19%	25%	13%	1%
School Administrators	23%	59%	5%	9%	4%	0%
School Support	5%	48%	17%	22%	6%	2%
Overall	8%	48%	13%	22%	8%	1%

15. The number of administrators in the District is: (n = 422)

	Too High	Just Right	Undecided	Too Low
District Management	17%	31%	15%	38%
District Support	45%	32%	19%	4%
School Teachers	55%	16%	25%	4%
School Administrators	14%	43%	11%	32%
School Support	48%	22%	24%	5%
Overall	41%	26%	21%	12%

Personnel

16. The District successfully predicts future staffing needs. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	42%	4%	40%	4%	4%
School Administrators	2%	55%	2%	39%	2%	0%
Overall	4%	49%	3%	39%	3%	2%

17. The District has an effective employee recruitment program. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	44%	8%	35%	4%	4%
District Support	0%	36%	13%	41%	6%	4%
School Teachers	0%	34%	19%	34%	8%	4%
School Administrators	2%	54%	9%	36%	0%	0%
School Support	2%	33%	25%	25%	8%	7%
Overall	1%	38%	17%	33%	6%	5%

18. Teachers are knowledgeable in the subject areas they teach. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	10%	71%	6%	2%	0%	10%
School Teachers	24%	64%	5%	6%	1%	0%
School Administrators	25%	75%	0%	0%	0%	0%
Overall	22%	68%	4%	4%	0%	2%

19. The Center for Teaching and Learning offers classes that improve my job skills. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	27%	10%	15%	4%	38%
School Teachers	13%	49%	14%	12%	8%	4%
School Administrators	32%	50%	4%	4%	4%	7%
Overall	17%	44%	11%	10%	6%	12%

20. The Regional Professional Development Program offers classes that improve my skills. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	10%	35%	8%	13%	4%	29%
School Teachers	13%	50%	12%	13%	8%	5%
School Administrators	34%	45%	5%	11%	2%	4%
Overall	18%	45%	9%	12%	5%	10%

21. The Center for Teaching and Learning and the Regional Professional Development Program work together to improve my job skills. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	21%	17%	23%	6%	29%
School Teachers	9%	42%	25%	13%	6%	4%
School Administrators	27%	38%	20%	13%	0%	4%
Overall	13%	36%	22%	15%	4%	9%

22. The employee orientation program informed me of District opportunities and expectations. (n = 119)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
School Teachers	4%	39%	8%	22%	7%	21%

23. The orientation program was helpful in getting me started in the District. (n = 119)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
School Teachers	3%	38%	4%	24%	9%	22%

24. Hiring practices minimize the time to fill positions. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	35%	2%	40%	15%	4%
District Support	1%	35%	13%	36%	12%	3%
School Teachers	3%	24%	25%	25%	16%	8%
School Administrators	4%	38%	13%	36%	11%	0%
School Support	3%	31%	19%	34%	6%	7%
Overall	3%	31%	17%	33%	11%	5%

25. The signing bonus is a helpful tool in recruiting teachers. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	8%	50%	10%	8%	2%	21%
School Teachers	17%	39%	16%	8%	9%	10%
School Administrators	4%	30%	18%	39%	7%	2%
Overall	12%	39%	15%	16%	7%	10%

26. The District's health insurance package meets my needs. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	31%	2%	38%	17%	6%
District Support	1%	22%	3%	36%	38%	0%
School Teachers	3%	33%	3%	29%	29%	3%
School Administrators	5%	38%	0%	32%	25%	0%
School Support	4%	37%	9%	28%	18%	4%
Overall	4%	33%	5%	31%	25%	3%

27. Health insurance claims are paid timely. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	8%	44%	6%	15%	21%	6%
District Support	4%	52%	9%	26%	9%	0%
School Teachers	3%	49%	10%	22%	9%	8%
School Administrators	4%	55%	9%	13%	14%	5%
School Support	5%	48%	12%	18%	6%	11%
Overall	4%	50%	10%	19%	10%	7%

28. Current class sizes provide an appropriate teaching environment. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	29%	6%	38%	6%	15%
School Teachers	3%	22%	2%	33%	40%	1%
School Administrators	2%	41%	2%	36%	20%	0%
Overall	3%	28%	3%	35%	28%	4%

29. Retirement incentives are effective in filling positions at schools designated as needing improvement. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	0%	27%	19%	31%	6%	17%
School Teachers	2%	26%	35%	17%	16%	4%
School Administrators	5%	14%	27%	29%	16%	9%
Overall	2%	23%	30%	23%	14%	8%

30. Retirement incentives will be effective in recruiting teachers for difficult-to-fill positions, i.e. special education, math, etc. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	35%	15%	21%	6%	19%
School Teachers	3%	34%	29%	15%	16%	3%
School Administrators	9%	27%	30%	18%	13%	4%
Overall	5%	32%	26%	17%	13%	6%

31. Human Resources staff are helpful, knowledgeable, and responsive. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	13%	63%	2%	17%	4%	2%
District Support	14%	58%	1%	22%	4%	0%
School Teachers	16%	61%	8%	8%	4%	3%
School Administrators	45%	45%	0%	7%	4%	0%
School Support	22%	58%	7%	8%	4%	1%
Overall	21%	58%	5%	11%	4%	1%

Facilities Management

32. The facility construction program is effective in meeting the District's needs. (n = 292)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	38%	10%	33%	13%	0%
District Support	0%	33%	23%	28%	10%	6%
School Teachers	2%	23%	24%	33%	16%	3%
School Administrators	2%	39%	9%	38%	13%	0%
Overall	2%	31%	18%	33%	13%	3%

33. Buildings are clean. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	8%	69%	8%	10%	4%	0%
District Support	1%	55%	7%	29%	7%	0%
School Teachers	8%	64%	3%	17%	8%	0%
School Administrators	9%	75%	0%	13%	4%	0%
School Support	12%	62%	2%	18%	5%	1%
Overall	9%	64%	4%	18%	6%	0%

34. Buildings are properly maintained. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	48%	4%	42%	2%	0%
District Support	0%	51%	6%	30%	13%	0%
School Teachers	5%	50%	3%	29%	13%	0%
School Administrators	4%	59%	2%	27%	9%	0%
School Support	9%	48%	5%	31%	6%	1%
Overall	5%	50%	4%	31%	9%	0%

35. Buildings are maintained in a timely manner. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	2%	44%	4%	46%	4%	0%
District Support	3%	35%	10%	42%	10%	0%
School Teachers	5%	40%	8%	32%	15%	0%
School Administrators	5%	41%	4%	43%	7%	0%
School Support	7%	46%	5%	33%	7%	2%
Overall	5%	42%	6%	37%	9%	0%

36. Emergency maintenance is handled promptly. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	13%	69%	10%	6%	0%	2%
District Support	7%	64%	12%	10%	6%	1%
School Teachers	7%	59%	11%	8%	8%	8%
School Administrators	16%	68%	2%	9%	2%	4%
School Support	15%	64%	8%	6%	4%	3%
Overall	11%	64%	9%	8%	5%	4%

37. The quality of new construction is excellent. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	15%	58%	13%	6%	6%	2%
District Support	3%	38%	26%	22%	4%	7%
School Teachers	7%	43%	24%	15%	3%	8%
School Administrators	13%	45%	18%	14%	4%	7%
School Support	6%	40%	15%	18%	7%	15%
Overall	8%	43%	19%	16%	5%	9%

38. The District's portable buildings are in good condition. (n = 175)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
School Teachers	3%	18%	26%	19%	8%	25%
School Administrators	0%	14%	13%	20%	11%	43%
Overall	2%	17%	22%	19%	9%	31%

39. The District informs employees of its energy conservation plan and their role in cost savings. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	8%	31%	13%	40%	8%	0%
District Support	1%	35%	14%	41%	4%	4%
School Teachers	1%	36%	9%	37%	14%	3%
School Administrators	0%	59%	5%	30%	4%	2%
School Support	3%	39%	14%	32%	10%	2%
Overall	2%	39%	11%	36%	9%	2%

40. The District has an effective energy conservation program. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	10%	31%	27%	27%	4%	0%
District Support	0%	23%	29%	41%	4%	3%
School Teachers	1%	18%	34%	30%	14%	3%
School Administrators	0%	32%	30%	32%	2%	4%
School Support	1%	24%	38%	24%	8%	5%
Overall	2%	24%	33%	30%	8%	3%

41. District equipment is properly maintained. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	0%	52%	17%	17%	13%	2%
District Support	1%	45%	14%	28%	7%	4%
School Teachers	1%	49%	13%	18%	14%	4%
School Administrators	2%	70%	5%	20%	2%	2%
School Support	3%	47%	13%	23%	10%	4%
Overall	2%	51%	13%	21%	10%	4%

42. The District's alarm/surveillance systems are properly maintained. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	2%	44%	17%	21%	10%	6%
District Support	1%	33%	19%	30%	7%	9%
School Teachers	5%	45%	24%	8%	6%	11%
School Administrators	9%	48%	2%	23%	14%	4%
School Support	6%	39%	28%	10%	6%	10%
Overall	5%	42%	21%	16%	8%	9%

43. Facilities staff are helpful, knowledgeable, and responsive. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	29%	52%	13%	4%	2%	0%
District Support	7%	68%	13%	7%	3%	1%
School Teachers	13%	58%	15%	5%	3%	6%
School Administrators	16%	73%	2%	7%	0%	2%
School Support	11%	75%	5%	5%	2%	3%
Overall	14%	66%	10%	5%	2%	3%

Financial Management

44. Principals are well trained in fiscal management techniques. (n = 353)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	0%	29%	17%	40%	4%	10%
School Teachers	8%	50%	23%	9%	6%	3%
School Administrators	9%	48%	4%	39%	0%	0%
School Support	10%	44%	20%	13%	3%	10%
Overall	8%	45%	18%	20%	4%	6%

45. Purchasing processes are easy to use. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	48%	4%	27%	10%	6%
District Support	3%	32%	13%	35%	7%	10%
School Teachers	4%	45%	16%	20%	11%	4%
School Administrators	5%	52%	4%	36%	4%	0%
School Support	5%	42%	11%	22%	7%	13%
Overall	4%	43%	11%	26%	8%	8%

46. District funding is allocated to the schools in an equitable manner. (n = 104)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	2%	60%	10%	13%	6%	8%
School Administrators	4%	64%	5%	23%	4%	0%
Overall	3%	63%	8%	18%	5%	4%

47. The financial system of the District is efficient and easily used. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	6%	33%	10%	33%	13%	4%
District Support	1%	22%	16%	38%	12%	12%
School Teachers	1%	24%	27%	26%	16%	6%
School Administrators	4%	45%	9%	36%	7%	0%
School Support	2%	22%	31%	27%	8%	12%
Overall	2%	27%	22%	30%	11%	8%

48. The additional funding provided for textbooks has benefited the District; my class; or my school. (n = 223)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	21%	35%	17%	8%	2%	17%
School Teachers	11%	36%	8%	16%	17%	13%
School Administrators	66%	27%	2%	5%	0%	0%
Overall	27%	34%	8%	12%	9%	10%

49. Financial and accounting staff are helpful, knowledgeable, and responsive. (n = 422)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	29%	46%	2%	15%	4%	4%
District Support	10%	54%	13%	16%	3%	4%
School Teachers	3%	39%	30%	7%	4%	18%
School Administrators	34%	48%	5%	9%	2%	2%
School Support	7%	48%	25%	8%	2%	11%
Overall	12%	46%	19%	10%	3%	10%

Transportation

50. Adding or modifying a route for a student is easy to accomplish. (n = 222)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	0%	19%	27%	21%	4%	29%
School Teachers	4%	14%	31%	14%	8%	29%
School Administrators	0%	43%	7%	29%	11%	11%
Overall	2%	23%	24%	19%	8%	24%

51. The District has a simple method to request buses for special events. (n = 173)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
School Teachers	5%	61%	12%	7%	7%	9%
School Administrators	11%	82%	4%	2%	2%	0%
Overall	7%	68%	9%	5%	5%	6%

52. Buses arrive and leave on time. (n = 173)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
School Teachers	9%	58%	6%	15%	4%	8%
School Administrators	5%	64%	4%	18%	9%	0%
Overall	8%	60%	5%	16%	6%	5%

53. Allowing high school students to use Citifare as an alternative to the District's buses would benefit the District. (n = 222)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	17%	31%	19%	15%	4%	15%
School Teachers	19%	43%	25%	1%	3%	8%
School Administrators	18%	27%	23%	4%	2%	27%
Overall	18%	36%	23%	5%	3%	14%

54. Concerns over high school students using Citifare can be overcome. (n = 222)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	10%	44%	19%	8%	6%	13%
School Teachers	18%	47%	22%	3%	2%	9%
School Administrators	16%	29%	23%	0%	2%	30%
Overall	16%	41%	22%	3%	3%	15%

55. Contracting with a private company, other than Citifare, to provide student transportation would benefit the District. (n = 222)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	4%	19%	25%	21%	21%	10%
School Teachers	4%	19%	42%	19%	9%	6%
School Administrators	14%	23%	34%	7%	7%	14%
Overall	7%	20%	36%	16%	11%	9%

56. Transportation staff are helpful, knowledgeable, and responsive. (n = 421)

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Not Applicable
District Management	23%	56%	2%	10%	4%	4%
District Support	6%	58%	13%	9%	0%	14%
School Teachers	10%	47%	18%	13%	4%	8%
School Administrators	16%	66%	4%	9%	5%	0%
School Support	8%	58%	14%	8%	3%	8%
Overall	11%	56%	12%	10%	3%	8%

Student Walk Zones

57. Elementary School walk distance should: (n = 223)

	Be Increased	Stay the Same	Undecided	Be Decreased
District Management	8%	65%	15%	13%
School Teachers	9%	60%	8%	24%
School Administrators	4%	79%	5%	13%
Overall	8%	65%	9%	18%

58. Middle School walk distances should: (n = 223)

	Be Increased	Stay the Same	Undecided	Be Decreased
District Management	15%	58%	15%	13%
School Teachers	19%	50%	13%	18%
School Administrators	11%	61%	18%	11%
Overall	16%	55%	14%	15%

59. High School walk distance should: (n = 223)

	Be Increased	Stay the Same	Undecided	Be Decreased
District Management	17%	54%	15%	15%
School Teachers	22%	50%	13%	16%
School Administrators	14%	55%	21%	9%
Overall	19%	52%	15%	14%

General

60. District Information Systems Support: (n = 422)

	Outstanding	Adequate	No Opinion	Needs Minor Improvement	Needs Improvement
District Management	10%	40%	4%	21%	25%
District Support	13%	23%	4%	33%	26%
School Teachers	5%	36%	16%	20%	23%
School Administrators	13%	39%	2%	27%	20%
School Support	22%	42%	3%	18%	15%
Overall	13%	36%	7%	23%	21%

61. District Purchasing Operations Support: (n = 422)

	Outstanding	Adequate	No Opinion	Needs Minor Improvement	Needs Improvement
District Management	10%	56%	2%	19%	13%
District Support	9%	29%	19%	26%	17%
School Teachers	3%	38%	33%	13%	14%
School Administrators	9%	59%	2%	18%	13%
School Support	9%	46%	21%	14%	10%
Overall	7%	44%	19%	17%	13%

62. District Building Maintenance Support: (n = 422)

	Outstanding	Adequate	No Opinion	Needs Minor Improvement	Needs Improvement
District Management	6%	31%	2%	40%	21%
District Support	6%	22%	7%	38%	28%
School Teachers	7%	36%	9%	23%	25%
School Administrators	11%	41%	2%	21%	25%
School Support	14%	43%	4%	19%	20%
Overall	9%	36%	5%	26%	23%

63. District Facilities Planning operations: (n = 422)

	Outstanding	Adequate	No Opinion	Needs Minor Improvement	Needs Improvement
District Management	4%	40%	6%	33%	17%
District Support	3%	30%	23%	14%	29%
School Teachers	3%	29%	23%	22%	24%
School Administrators	7%	46%	4%	29%	14%
School Support	4%	32%	23%	19%	22%
Overall	4%	34%	18%	22%	22%

64. District Student Transportation operations: (n = 422)

	Outstanding	Adequate	No Opinion	Needs Minor Improvement	Needs Improvement
District Management	8%	50%	4%	21%	17%
District Support	4%	26%	30%	17%	22%
School Teachers	5%	43%	13%	25%	14%
School Administrators	2%	64%	0%	20%	14%
School Support	9%	45%	11%	22%	12%
Overall	6%	45%	12%	22%	15%

65. District Custodial Service support: (n = 422)

	Outstanding	Adequate	No Opinion	Needs Minor Improvement	Needs Improvement
District Management	13%	42%	2%	23%	21%
District Support	9%	28%	10%	29%	25%
School Teachers	12%	42%	6%	19%	21%
School Administrators	11%	46%	0%	27%	16%
School Support	19%	46%	3%	18%	14%
Overall	14%	41%	5%	22%	19%

Appendix C
Survey of Exiting Teachers

The Washoe County School District worked with the Consortium for Policy Research in Education at the University of Wisconsin to conduct a study on teacher satisfaction and turnover in the District. A survey was sent to all 130 teachers who exited the District during or after the 2002-03 school year. The following three tables summarize the data from the 67 surveys that were returned. Table 1 summarizes the reasons cited by teachers for leaving the District.

Table 1

**Washoe County School District
Teachers' Reasons for Leaving
2002-2003 School Year**

Reason	% of Teachers
Retirement	53.7
Family reasons	28.4
Health reasons	25.4
To teach in a new district	16.4
To follow a spouse	11.9
To work in a job outside of education	10.5
To attend college or university	4.5
Sabbatical	3.0
To take a non-teaching job in education	3.0
Other	22.4

Source: Consortium for Policy Research in Education,
University of Wisconsin.

Note: Percentages total more than 100% since teachers cited multiple reasons for leaving.

Teachers exiting the District were also asked to rate their satisfaction in 18 aspects of their job. Table 2 summarizes the percent of teachers leaving the District that were dissatisfied in each of the areas.

Table 2

**Washoe County School District
Exiting Teachers' Job Satisfaction
2002-2003 School Year**

Job Aspect	% Dissatisfied
Time to prepare lessons	52.2
Intrusions on teaching time	50.0
Community support for schools	44.8
Resources and materials	43.9
Influence over school policies and practices	43.3
Class size	42.4
Salary	41.8
Recognition and support from administration	30.3
Student discipline	28.4
Student motivation	25.8
Working conditions	25.0
Opportunities for advancement	23.9
Teacher evaluation process	20.9
Support from colleagues	13.6
Teacher evaluation feedback and coaching	12.1
Control over classroom	9.4
Safety	9.0
Teacher evaluation result	3.0

Source: Consortium for Policy Research in Education,
University of Wisconsin.

Note: Percentages total more than 100% since teachers cited multiple reasons for job dissatisfaction.

Table 3 summarizes the years of experience for teachers leaving the District.

Table 3

**Washoe County School District
Years of Experience of Exiting Teachers
2002-2003 School Year**

Years	% of Teachers
1 – 3	16.7
4 – 10	19.7
11 – 19	9.1
20 – 24	6.0
25+	48.5

Source: Consortium for Policy Research in Education,
University of Wisconsin.

Appendix D

Response From Washoe County School District



Washoe County School District

425 East Ninth Street • P. O. Box 30425
Reno, Nevada 89520-3425
Phone (775) 348-0200 • Fax (775) 348-0304

Board of Trustees

Jonnie Pullman, President
Nancy Hollinger

Dan Carne, Vice President
Anne Loring
Galen "Mitch" Mitchell
Paul Dugan, Interim Superintendent

Lezlie Porter, Clerk
Jody Ruggiero

September 1, 2004

State of Nevada
Legislative Counsel Bureau
Paul V. Townsend—Legislative Auditor
Sedway Office Building
401 S. Carson St.
Carson City, NV 89701-4747

Dear Mr. Townsend:

The Washoe County School District has received and reviewed the Legislative Counsel Bureau (LCB) draft audit findings and recommendations as received on August 20, 2004. Attached is the Washoe County School District response to the Audit Report prepared by the LCB audit staff.

As will be noted for various recommendations, some additional information has been provided on the basis of activities that have occurred after the audit was completed. These updates are intended to supplement the historical snapshot provided by the audit.

The District appreciates the work that has been invested in the audit findings and would like to thank the Legislative Counsel Bureau staff for the courtesies extended to all District employees during this process.

Please contact me if you have any questions on the responses provided.

Sincerely,

A handwritten signature in black ink that reads "Paul Dugan".

Paul Dugan
Interim Superintendent

Attachment

c: Board of Trustees

Executive Cabinet

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Recommendation 1: Develop procedures and increase fiscal management oversight over the process for obtaining reimbursement from the Medicaid Program for school-based health services.

The District accepts this recommendation and will implement it. It should be noted that the District has been actively involved in developing a continuous improvement plan that is designed, in part, to increase Medicaid's reimbursements for the District. In addition to the Medicaid Direct Billing funding, Washoe County School District is also billing for Random Moment Sampling (RMS) through the Student Support Services department. On April 1, 2003, Dr. Darlene Schottle, former Area Superintendent and administrator responsible for Student Support Services, signed the RMS contract. [Attachment 1]

After this agreement was signed and in summer 2003, the administrative staff of Student Support Services were trained in the process and procedures of the RMS protocol. In March 2004, Student Support Services—in conjunction with the Medicaid liaison and Maximus representatives—trained approximately 1,400 district employees including principals, counselors, teachers and related services personnel in the reporting and retrieval processes associated with the Medicaid RMS billing.

From the District's perspective, it is our intent to incorporate this specific finding into a comprehensive plan that will assist the District in continuous improvement.

Recommendation 2: Adopt a policy to establish the fee charged for reduced-price meals.

The District accepts this recommendation while acknowledging that it may be advisable to delay immediate implementation.

After conversations with the Nevada Department of Education's Child Nutrition and Student Health consultants, it is recommended that the District wait to change the current policy of not charging the reduced price students until after findings are published by the United States Department of Agriculture as a result of its current research study about elimination of the reduced price category—making students either free or paid.

In addition, although the LCB auditors have stated that Nutrition Services would realize an increase of approximately \$300,000 in revenue, past experience has demonstrated that if, in fact, Nutrition Services realized any increase in revenue, it would be substantially lower than what has been

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estimated because a majority of reduced price students would no longer be able to afford to participate in the program. Such a reversal would result in the loss of the federal reimbursement of \$1.86 per lunch and \$1.17 per breakfast, in addition to \$.40 and \$.30 respective cash payment.

Recommendation 3: Consider amending policy to require all direct and indirect costs be recovered by food service operations.

The District accepts this recommendation and will further explore its implementation.

It should be noted that the District has been notified by the Nevada Department of Education's Child Nutrition and Student Health consultants that a new United States Department of Agriculture policy states that, if Nutrition Services is to be charged for a service (e.g., utilities), all departments within the District would have to be assessed that charge as well. That is to say, if the General Fund is paying for the utilities for all other departments, then the costs for utilities related to Nutrition Services must be covered as well.

The bottom line, as explained by Department staff, is that Nutrition Services' direct and indirect costs should follow the same guidelines as those for other departments within the District. The District will, however, consider amending its policy in view of the LCB audit recommendation and the above information.

Recommendation 4: Consider establishing food service operations as an enterprise fund.

This District accepts this recommendation and respectfully states that implementation has begun.

Discussions have already occurred with regard to making Nutrition Services an Enterprise Fund. District staff will communicate with Clark County School District to investigate how that sister district has handled this matter.

Recommendation 5: Develop monitoring procedures to ensure monthly billings from the food service contractor are appropriate.

This District accepts this recommendation and will continue work already begun in this area.

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On a monthly basis, the contractor meets with the Superintendent of Operations to review and discuss the invoice. At that time, back up information is provided about all charges. The Superintendent of Operations then signs both the invoice and the check request, which is then delivered to Business & Finance for processing. Written monitoring procedures will be developed.

Recommendation 6: Require all District schools to use the Process Cleaning method.

The District accepts this recommendation and has already begun to implement it.

Training in Process Cleaning has already been scheduled for eleven (11) of the remaining seventeen (17) sites not using this method during the first three quarters of the 2004-2005 school year. Those schools that aren't trained by the end of the 2004-2005 school year will be trained within the first quarter of 2005-2006.

Recommendation 7: Continue developing the construction management procedures.

The District accepts this recommendation and will implement it.

The committee designated to develop these procedures held its first meeting on Friday, August 20, 2004. At that time, a process was developed to review, update, revise and add to Section 7000 of the District's policies and regulations. Section 7000 covers New Construction.

Recommendation 8: Continue developing the capital improvement plan (CIP) and develop procedures to periodically review and update the plan as needed.

The District accepts this recommendation and respectfully states that it will continue to develop its existing capital improvement plan (CIP).

Recommendation 9: Develop a comprehensive energy management plan.

The District accepts this recommendation and will implement it.

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The District agrees with the need to develop a comprehensive energy management plan. Some preliminary work has already been done on such a plan, and it was part of a budget submittal for the 2004-05 fiscal year.

Recommendation 10: Perform a cost benefit analysis for each energy retrofit contract and competitively bid the contracts.

The District accepts this recommendation and will continue efforts already underway to implement it.

In past energy retrofiting, considerable care was taken to evaluate the cost benefit of the retrofits. A cost benefit analysis for each future energy retrofit project will be performed, as was done in the past. The District will not undertake any energy retrofit project in which the payback period exceeds the useful life of the equipment or exceeds ten (10) to twelve (12) years depending on the nature of the project.

Recommendation 11: Develop maintenance policies and procedures, including procedures for custodial supply inventories, maintenance equipment and tools inventories, monitoring deferred maintenance, and determining general work order priorities.

The District accepts this recommendation and will continue to implement work already begun in this context:

- The custodial supply inventories are already being addressed to ensure that schools do not exceed their budget amount or hoard custodial products, which impacts the District's ability to purchase necessary supplies.
- Relative to custodial supply inventory reorder points, in the last several years, staff have been unable to act on reordering at specified reorder points due to lack of budgeted funds. Consequently, at the start of the new budget year, large orders need to be placed to cover the backlog of orders from schools that have not been filled, usually the last quarter of the fiscal year.

District staff have begun to develop policies and procedures for inventorying maintenance equipment and tools not recorded in the District's equipment inventories due to their relatively low cost.

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Recommendation 12: Develop a recruitment and retention plan.

The District accepts this recommendation and respectfully states that work in this area has already begun as highlighted below.

WCSD Human Resources has been actively involved in the development of statewide teacher recruitment and retention initiatives, through the National Governors' Association Task Force. This group has identified several strategies to enhance recruitment and retention, including the Teach4Nevada website, a statewide recruiting fair, an exit survey and working conditions survey, a database of teacher preparation, qualifications and employment information, mentoring, principal support for new teachers, etc.

Recommendation 13: Track and analyze data on the effectiveness of various recruitment efforts.

The District accepts this recommendation and will implement it.

While the employee survey conducted by LCB auditors found that about two-thirds of the District's existing non-management workforce do not believe our current recruitment efforts are effective, it is important to remember that this survey was taken a few months after the 2003 Legislature delayed our ability to hire by nearly three months. When we finally had a budget and knew how many positions we could fill, we only had three weeks to hire before school began last fall. No doubt this left many openings unfilled, and the experience was fresh in the minds of our staff.

Washoe County School District has had a commitment to diversity hiring, which provides early contract offers, and a program to assist classified employees to become teachers. Earlier this year, the District enhanced these efforts by hiring a full-time Director of Equity and Diversity, and we have just selected a new liaison to the Hispanic community. These increased efforts are expected to further our goal to increase representation among qualified minorities in our workforce. Efforts to diversify our professional staff will be challenging as long as there is an insufficient supply of qualified candidates in the pipeline and as long as salaries for licensed educational personnel are well below those in the private sector.

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Recommendation 14: Develop procedures to ensure all positions are authorized and limit position control staff's ability to modify personnel information.

The District accepts this recommendation and will continue efforts already underway to implement it.

District administrative staff have been working to develop procedures to ensure all positions are authorized and will continue to improve and modify procedures in this area. District administrative staff has completed documenting position control procedures as part of the ISO 9000 implementation. Also, the Board authorized a new position in position control in fiscal year 2005 to assist in processing and auditing positions. These changes, along with constant improvements to FTE reporting and coding, have improved and will continue to improve the overall position control monitoring and controls.

The District also recognizes that the present manual method of tracking positions and budgeting is inefficient and outdated. The acquisition of an Enterprise Resource Planning (ERP) system has been included in the Washoe County School District Strategic Technology Plan (STP). The rollover bond technology strand includes funding for the software and funding needed to automate the position control area as well as the entire ERP system. It should be noted that such a purchase and implementation plan would take three to five years to become operational.

The District concurs that there is a need to review and limit the position control staff's ability to modify personnel information. The Business & Finance office will review internal controls with Human Resources and the internal auditor and restrict the information position control has the ability to modify.

Recommendation 15: Continue the review and development of consolidated, comprehensive procedures related to personnel management.

The District accepts this recommendation and will implement it.

District efforts to document procedures have resulted in 101 discrete Human Resources, position control, and payroll procedures being thoroughly reviewed and documented using the ISO 9001:2000 quality improvement process. District staff will continue this method to complete the review of all human resources procedures, and, further, will implement continuous review of all procedures.

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In 1999, a strategic plan was adopted for Human Resources. A copy of the plan with notations about objectives already achieved has been attached for reference. [Attachment 2]

Recommendation 16: Modify the human resources information system to provide operational data on employee turnover and retention.

The District accepts this recommendation.

In order to implement this recommendation, however, a significant investment in technology and project personnel will be required. This is a considerably expensive undertaking that may exceed \$1 million, requiring the dedicated time of key staff members from Human Resources, Business & Finance, and Information Technology. In order to meet the specific demands of Senate Bill 1 from the 19th Special Session of the 2003 Nevada Legislature for reporting, sufficient technology is essential to collect and report data on teachers, paraprofessionals, and the students they work with.

Recommendation 17: Continue the reorganization of the District's training function, ensuring a training plan is developed that includes all District staff, and that clearly defines the responsibilities and organizational structure of the function.

The District accepts this recommendation and will implement it.

The administrative leadership for the District's Regional Center for Teaching and Learning is busy implementing changes and improvements that were put in motion in spring 2003 that align with these recommendations. A "framework" for professional development has been drafted, including a plan for certified, administrative and classified staff that will be taken forward to stakeholder groups for feedback and modification, and then to the Board of Trustees. As part of the professional development infrastructure, a web-based data collection system is now in place for tracking professional development. The District looks forward to providing other information that will outline progress for improved articulation of the department.

Recommendation 18: Use bus routing software to design the most efficient bus routes.

The District accepts this recommendation and will continue efforts already underway to implement it.

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In order to implement this recommendation, however, an investment may be required to upgrade software and to realign personnel for this project.

Recommendation 19: Consider a school start schedule to maximize daily bus runs.

The District accepts this recommendation and concurs that staggered bell times would allow Transportation staff to combine more schools per bus, thus increasing efficiency and potentially save money.

This option has been proposed many times over the last ten to fifteen years, yet—in reality—it is not a simple process. Changing bell times has a significant impact on the entire community. It affects after school appointments/activities for students. It affects the ability of teachers to further their education because they may not be able to make afternoon classes at UNR. It would also affect our high school athletic schedules in the afternoon because buses would not be available until after 4:30 PM to transport teams.

Although these issues are problematic, the District agrees that some form of staggered bell times can be re-considered by the Board of Trustees.

Recommendation 20: Periodically review the walk zone policy to ensure it still meets the needs of the District.

The District accepts this recommendation and respectfully states that such periodic reviews already take place.

For example, the District's walk zone policy has been examined by the Board of Trustees in the context of various legislative proposals during the 2001 and 2003 Sessions of the Nevada Legislature as well as at other times. The Trustees have consistently concluded that the District's existing walk zone policy is effective and does provide adequate safety for the students.

Moreover, this policy is reviewed on a limited basis each year when parents telephone Transportation staff to express concerns that the walking route is unsafe or too far for their children. The District established a Bus Safety Advisory Committee two (2) years ago to analyze those concerns and make adjustments as necessary. That process provides parents a forum for presenting their concerns, which, in turn, allows the District an opportunity to review how the walk zone policy is enforced—using an on-going and consistent process.

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Recommendation 21: Adopt a bus replacement policy to help ensure buses are replaced in a timely and economical manner.

The District accepts this recommendation and respectfully points out that there is a financing plan in place to purchase fourteen to sixteen school buses annually.

The budget process, however, is subject to annual review and approval by the Board of Trustees. The District agrees that a more formalized bus replacement policy can be developed for consideration by the Board of Trustees.

Recommendation 22: Implement and fully utilize the fleet management system including procedures for data input, parts inventory control, maintenance and fuel control, and data analysis.

The District accepts this recommendation and respectfully states that it has already been partially implemented.

As of July 2004, the Transportation Fleet Maintenance Department fully implemented the fleet management system (RTA). As stated in the LCB audit report, the Department did invest in a new fleet maintenance program that will be easier to use, provide more informative reports and be more cost-effective. It did take the District time to implement the new system because staff were simultaneously dealing with the Carpenter School Bus issue. Transportation staff felt it was important to focus on the inspections of those buses to ensure the safety of the students.

All three Transportation department fuel sites are on line and fuel data are being entered into the fleet management system. As stated in the LCB report, there were only two sites entering data at the time of the audit. This was true because staff were implementing one yard at a time to ensure accurate data and success.

During this transitional period, staff did track parts inventory and vehicle work orders by using a combination of Word documents or Excel spreadsheets. District auditors were satisfied with the process when they audited our inventory in June 2004.

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Recommendation 23: Establish effective controls over fuel usage.

The District accepts this recommendation and respectfully states that it has already moved forward to implement effective controls over fuel usage.

The District fueling sites are currently under contract with Western Energetix Card Lock Systems. Completion of infrastructure at all sites should be done by January 1, 2005. At that time, all pumps will be accessed by fuel card only. This will provide automatic data transfer through Western Energetix, and that information will download into the District's fleet management system daily.

The District has also implemented a procedure to identify fuel dispensed to fuel cans or lawnmowers and other equipment for use at school sites or locations. A paper log will identify the fueling site, the type of fuel (diesel or unleaded) and the District employee getting the fuel. The log will then be initialed by the user and kept for future reference. District staff are also working with Western Energetix to determine whether there is a more efficient process to solve this issue.

Recommendation 24: Perform self evaluations as required by Board policy.

The District accepts this recommendation and will implement it.

Recommendation 25: Review and update policy and procedures as required.

The District accepts this recommendation and will implement it.

Recommendation 26: Complete activating the Audit Committee.

The District accepts this recommendation and respectfully states that activation of the Audit Committee is underway.

As the LCB audit report indicates, the District is well on the way to reactivating the Committee. The employee representative will be appointed soon. The first meeting is planned for September 22, 2004, at which time the Committee will begin the process of setting up its reporting structure, providing

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Submitted September 1, 2004**

direction to the internal auditor, and establishing the process the Committee will use to act upon its responsibilities.

Recommendation 27: Expand internal audits to include other areas and develop policies and procedures to include a reporting and follow-up structure relating to internal audit reports.

The District accepts this recommendation and will explore its implementation as described below.

In order to implement this recommendation, an investment may be required to employ more personnel for this project. At the time that the WCSD Audit Committee is activated, administrative staff will inform the Committee that the LCB audit recommends a broadening of the scope of internal audits to other operating areas.

The District concurs that the scope of internal audits should be broadened. The lone Internal Auditor already is inundated auditing Student Activity Funds, performing annual reviews of the eight (8) District-sponsored charter schools, and performing periodic special audits. Student Activity Funds have over 88 accounts with \$13 million of activity in them each year; it will be difficult, at current staffing levels, to reduce the time spent by Internal Audit on Student Activity Funds to allow the performance of other operating audits.

District administrative staff will advise the Audit Committee to review the workload of the Internal Audit Department and decide whether it is necessary to recommend to the Board of Trustees that additional internal audit staffing be considered to perform other operating audits.

Moreover, District administrative staff will inform the Audit Committee that the LCB audit recommends developing a policy that defines to whom all audit reports are distributed and how they are presented.

Administrative staff will also inform the Audit Committee that the LCB audit recommends a follow-up process for internal audit reports and recommends that the Audit Committee consider adopting a formal policy for following up on internal audit reports.

**Responses from the Washoe County School District
Legislative Counsel Bureau Audit
Submitted September 1, 2004**

Recommendation 28: Continue periodically evaluating the District's organizational structure, ensuring the change and the goal are clearly communicated to the Board and District employees.

The District accepts this recommendation and respectfully points out that changes in the District's organizational structure are clearly communicated to the Board of Trustees in various ways as demonstrated in items provided to the LCB auditors.

It cannot be argued that some responses from employees to the LCB auditor survey seem to indicate that employees do not feel that the goals for changes are clearly communicated to them. The District will implement the recommendation with regard to more clearly communicating organizational changes to its employees.

Recommendation 29: Continue to monitor employee health plans making changes as required.

The District accepts this recommendation.

It is important to note that as recently as August 24, 2004, the Board of Trustees received a monitoring report from the District's Risk Manager with recommendations for change that were adopted during that meeting.

Moreover, since 1979, the Board of Trustees has received recommendation from the District's Insurance Committee regarding employee health plans. The Committee meets monthly and is comprised of representatives from each bargaining unit including retiree representatives. The District's Chief Accountant, Wellness Coordinator, and health plan representatives also serve on the Committee.

Washoe County School District Response to Audit Recommendations

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
<u>Financial Management</u>			
1	Develop procedures and increase fiscal management oversight over the process for obtaining reimbursement from the Medicaid Program for school-based health services.....	<u> X </u>	<u> </u>
2	Adopt a policy to establish the fee charged for reduced-price meals	<u> X </u>	<u> </u>
3	Consider amending policy to require all direct and indirect costs be recovered by food service operations.....	<u> X </u>	<u> </u>
4	Consider establishing food service operations as an enterprise fund	<u> X </u>	<u> </u>
5	Develop monitoring procedures to ensure monthly billings from the food service contractor are appropriate	<u> X </u>	<u> </u>
<u>Facilities Management</u>			
6	Require all District schools to use the Process Cleaning method	<u> X </u>	<u> </u>
7	Continue developing the construction management procedures.	<u> X </u>	<u> </u>
8	Continue developing the capital improvement plan and develop procedures to periodically review and update the plan as needed.....	<u> X </u>	<u> </u>
9	Develop a comprehensive energy management plan	<u> X </u>	<u> </u>
10	Perform a cost benefit analysis for each energy retrofit contract and competitively bid the contracts	<u> X </u>	<u> </u>
11	Develop maintenance policies and procedures, including procedures for custodial supply inventories, maintenance equipment and tools inventories, monitoring deferred maintenance, and determining general work order priorities.....	<u> X </u>	<u> </u>
<u>Personnel Management</u>			
12	Develop a recruitment and retention plan	<u> X </u>	<u> </u>

**Washoe County School District
Response to Audit Recommendations
(continued)**

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
13	Track and analyze data on the effectiveness of various recruitment efforts	<u> X </u>	<u> </u>
14	Develop procedures to ensure all positions are authorized and limit position control staff's ability to modify personnel information	<u> X </u>	<u> </u>
15	Continue the review and development of consolidated, comprehensive procedures related to personnel management	<u> X </u>	<u> </u>
16	Modify the human resources information system to provide operational data on employee turnover and retention	<u> X </u>	<u> </u>
17	Continue the reorganization of the District's training function, ensuring a training plan is developed that includes all District staff, and that clearly defines the responsibilities and organizational structure of the function.....	<u> X </u>	<u> </u>
	<u>Transportation</u>		
18	Use bus routing software to design the most efficient bus routes	<u> X </u>	<u> </u>
19	Consider a school start schedule to maximize daily bus runs.....	<u> X </u>	<u> </u>
20	Periodically review the walk zone policy to ensure it still meets the needs of the District.....	<u> X </u>	<u> </u>
21	Adopt a bus replacement policy to help ensure buses are replaced in a timely and economical manner	<u> X </u>	<u> </u>
22	Implement and fully utilize the fleet management system including procedures for data input, parts inventory control, maintenance and fuel control, and data analysis	<u> X </u>	<u> </u>
23	Establish effective controls over fuel usage.....	<u> X </u>	<u> </u>
	<u>District Organization</u>		
24	Perform self-evaluations as required by Board policy	<u> X </u>	<u> </u>

**Washoe County School District
Response to Audit Recommendations
(continued)**

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
25	Review and update policy and procedures as required....	<u> X </u>	<u> </u>
26	Complete activating the Audit Committee.....	<u> X </u>	<u> </u>
27	Expand internal audits to include other areas and develop policies and procedures to include a reporting and follow-up structure relating to internal audit reports.	<u> X </u>	<u> </u>
28	Continue periodically evaluating the District's organizational structure, ensuring the change and its goal are clearly communicated to the Board and District employees	<u> X </u>	<u> </u>
	<u>Employee Health Plans</u>		
29	Continue to monitor employee health plans making changes as required.....	<u> X </u>	<u> </u>
	TOTALS	<u> 29 </u>	<u> 0 </u>