



South-Western  
City School District's  
Response to  
Performance Audit  
March 2010

SOUTH-WESTERN CITY SCHOOL DISTRICT  
2010 BOARD OF EDUCATION

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# Executive Summary

In July 2009, the South-Western City School District engaged the Auditor of State to conduct a performance audit of its financial and operations management. The Board of Education requested this independent assessment to determine whether operations are efficient and management practices are effective, and to identify areas of improvement. The audit examined the District's financial, human resource, and technology management, along with facility, transportation, and food service operations and concluded in October 2009. The performance audit was conducted in accordance with Generally Accepted Government Auditing Standards.

The goal of the project was to identify opportunities for savings and process improvements, as well as highlight noteworthy accomplishments within the District. The auditors:

- Gathered and assessed data from the South-Western City Schools (SWCS);
- Conducted interviews with District personnel;
- Identified applicable benchmarks and leading practices; and
- Developed a composite of ten "peer" districts from Franklin County and around the State including Elyria City, Gahanna-Jefferson City, Groveport-Madison Local, Huber Heights City, Parma City, Reynoldsburg City, Washington Local, West Clermont Local, Westerville City and Willoughby-Eastlake City School Districts.

The performance audit cited eight (8) noteworthy accomplishments of the District, which are exemplary practices that should be duplicated in other districts. These practices are:

- Specialized Instruction – The District provides instruction to its special education, limited English proficient, and gifted students in a cost effective manner. SWCS effectively evaluates opportunities to provide services through alternative means and maximized its available resources dedicated to specialized educational services. SWCS applies leading and innovative practices to its management of specialized educational programs.
- Workers' Compensation Premiums – The District actively manages its workers' compensation costs and is involved in risk abatement activities recommended by the Bureau of Workers Compensation, which have created premium discount opportunities. The most relevant is the "retrospective rating" program, where SWCS agrees to assume a portion of the claim costs in return for a reduction in premium.
- Enrollment Projections – The District prepares annual enrollment projections for each school building and district-wide. The enrollment projections are based on each individual building's three-year average cohort survival ratio, which has been identified as a leading practice.
- Classroom Use Inventory and Building Utilization – The District has a Classroom Space Inventory Committee that includes representation from staff and administration. The committee reviews classroom space and utilization on an ongoing basis, which results in up-to-date data to ensure that all buildings are efficiently utilized.
- Transportation Plan – When transportation services were reduced during the 2009-2010 school year, detailed methodology was applied to change eligibility requirements. Rather than use the mandated and arbitrary two-mile standard, the District methodically examined the eligibility boundaries for each elementary, intermediate and middle school. This ensured that SWCS could attain savings in its transportation program while maintaining the safety of its students.
- Network Infrastructure – The District's network infrastructure allows for a closely managed network operation with a central data service center. The network is equipped with remote access technology to provide support to users in a more efficient manner. The Technology Department regularly pushes updates and images to computers using the network infrastructure rather than loading information on individual computers.
- Software Application Integration – Technology Department employees have developed computer programs to integrate staff and student information systems allowing the District to capitalize on the existing information and reduce the need for multiple and redundant data entry processes.
- Technology Inventory System – The District's inventory system is versatile and useful. It supports the help desk function, allowing computer technicians to use the system to prioritize and respond to requests for technology support remotely. The District is able to track support by computer model, building or user to identify potential network support issues.

The performance audit also highlighted 35 assessments not yielding recommendations, which are best practices followed by the District. These best practices include:

- Financial management, ethics, credit card, payroll and purchasing policies
- Forecasting and budgeting processes
- Limited payroll runs, which allow adequate time for reconciliation
- Inventory controls over textbooks and custodial, maintenance, and transportation supplies
- Staffing levels comparable to peer districts on a FTEs per 1,000 students educated basis
- Substitute teacher pay rates that are comparable to similar districts in the area
- Spending on extracurricular activities during the 2007-08 school year that are similar to the peer average
- Spending a smaller percent of General Fund money on vocational programs when compared to the average of selected districts with comprehensive high schools
- Web site provides general information about the Board of Education, including agendas, minutes, and contact information
- New employee shadowing process in the maintenance and operations department
- Energy management practices with regard to energy use tracking, monitoring and inefficiency auditing, which showed that the district's 2007-08 utility costs were 13% lower than the peer average and 8% lower than the industry benchmark
- Gas and electric purchased in a manner that maximizes purchasing power
- Maximized use of educational space alleviating capacity needs through the use of modular units
- Average compensation for custodians and head custodians is comparable to the average of similar districts in the area
- Transportation policies are in line with State requirements and are implemented by transportation staff
- Controls are in place to ensure the security of the district's bus fleet, equipment, and supplies
- Purchasing practices for transportation supplies and materials have led to costs which are lower than both the peer average and industry benchmarks
- Preventative maintenance activities for the transportation fleet are in line with leading practices
- Food service has developed an employee handbook which includes information regarding dress code, sanitation, safety, general information, forms and pertinent cooking information
- Food service has meetings four times each year to cover safety and security as well as general information regarding purchasing, cash handling and inventory
- Process for evaluating meal prices is appropriate
- School lunch program participation exceeded the peer average
- Food service operation has taken steps to contain costs of supplies and materials
- Food service operation submits reimbursement claims for the National School Lunch Program well within ODE's 45-day timeframe
- Comprehensive technology plan provides direction for administrative and instructional technology decision making
- Staffing, for a closely managed network, is in line with recommended levels
- Professional development center provides a variety of technology courses to teachers, administrators and classified staff
- Sufficient bandwidth is available and can be easily upgraded to meet additional data needs
- Off-peak hours are used to push regularly scheduled system updates and anti-virus software
- Uniform technology equipment standards have been implemented for computer and printer purchases
- Minimum equipment standards have been implemented for donated equipment
- The use of network laser printers has been implemented
- Notices are required to be sent to central office when technology purchases are being made at the building level
- Instructional software bundles have been developed to aid in student learning

The performance audit made 28 recommendations for the District to consider. Seven of the recommendations are related to future contract negotiations. A summary of the other 21 recommendations is included in this report with the District's response to those recommendations. Several of the recommendations have potential financial savings. The State Auditor's Office reports the District will save \$560,000 per year from the General Fund, if all the non-negotiated recommendations are implemented including the recommendation to implement a five-year technology replacement schedule. The status of each of the recommendations is included in this report and grouped into four categories: Further Study, Rejected, Planning Stage, Implementation Stage and Completed.

## South-Western's Response to State Auditor's Performance Audit Financial Systems

Rec. #	Recommendation Summary	Implementation	Responsible Person(s)	Date	Auditor's Anticipated GF Savings	Status
R2.1	Develop a clearly written, multi-year strategic plan that provides vision and direction for its Board and employees. The plan should incorporate the CCIP and any other educational and operational plans. In developing the strategic plan, the Board should identify and formally adopt a limited number of district priorities to guide its strategies and major financial needs, capital needs and program decisions.	The district will work to formalize its process and create a more comprehensive document.	District Service Center Administration Board of Education	Fall 2011		Planning Stage
R2.2	Consider supplementing the CAFR with a PAFR that contains GFOA-recommended characteristics. The district should ensure that the PAFR is readily available and publicized through several forms of communication.	The district will review models and determine the most relevant information to design an easily understood document.	Hugh Garside, Treasurer Karen New, Asst. Treasurer	December 2010		Further Study
R2.3	Develop a policy requiring timely vendor payments to take advantage of discounts and avoid late fees and other charges. The policy should be formally documented in the District's Financial handbook, adopted as part of the District's Board Policies and communicated to the appropriate staff.	The treasurer's office will work on a schedule and procedures to implement this practice. It will be reviewed annually for any necessary changes to realize additional savings and accelerate the process currently in place.	Hugh Garside, Treasurer	December 2010		Planning Stage
R2.4	Create an internal audit position to monitor and review operations and programs or assign internal audit duties to current district employees. An internal auditor could help the district accomplish its goals by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of internal control processes. The internal auditor should report administratively to the Superintendent and functionally to the Board of Education.	There are currently internal controls in place that serve the district in this area. The treasurer will work with current staff to enact the most critical duties of the internal auditing functions and study the need for an additional position.	Hugh Garside, Treasurer	August 2011		Further Study
R2.5	Approach bargaining unit members and request a MOU requiring mandatory direct deposit for all employees and long-term substitutes, regardless of hire date. Furthermore, the district should explore the possibility of discontinuing the practice of issuing paper pay stubs and instead issue only electronic pay stubs.	The district will consider this in preparing for negotiations.	Board of Education Administration	Spring 2010		Planning Stage

## South-Western's Response to State Auditor's Performance Audit Human Resources

Rec. #	Recommendation Summary	Implementation	Responsible Person(s)	Date	Auditor's Anticipated GF Savings	Status
R3.1	Develop a formal comprehensive staffing plan at the district level that addresses current and future staffing needs.	A formalized written plan is being developed by the personnel department to document the plan currently in place.	Gary Smetzer, Asst. Supt. Janice Collette, Pup. Pers. Randy Banks, Pers. Dir. Jamie Grube, Pers. Dir.	August 2010		Planning Stage
R3.2	Develop policies and procedures to ensure EMIS staff data are accurately prepared and reconciled prior to submission to ODE.	The district will enhance existing policies and procedures to be followed for improved accuracy in reporting in response to constantly changing reporting mechanisms.	Dave Hitchcock, Tech/EMIS Gary Smetzer, Asst. Supt.	August 2010		Planning Stage
R3.3	Establish a formal process for the distribution of an employee handbook; Establish a process for regularly reviewing and updating job descriptions; and Routinely solicit formal employee feedback regarding the work environment and job satisfaction.	A formal process is being developed to document current personnel practices including the updating of the employee handbook and creation of a building handbook template. An employee satisfaction survey will be implemented on a regular basis to solicit feedback from all staff members.	Gary Smetzer, Asst. Supt. Randy Banks, Pers. Dir. Jamie Grube, Pers. Dir. Sandy Nekoloff, ED Comm.	December 2010		Planning Stage
R3.4	During future negotiations, seek to adjust or remove provisions in its bargaining agreements that exceed what similar districts in the area offer or that unnecessarily restrict management's ability to efficiently manage the District.	The district will review and identify contract limitations to management's ability to effectively implement needed changes and will consider this in preparing for negotiations.	Board of Education Administration	Spring 2010		Planning Stage
R3.5	During future negotiations, seek to negotiate the implementation of additional cost containment strategies to further reduce medical and dental insurance costs.	The district will consider this in preparing for negotiations.	Board of Education Health Care Committee Administration	Spring 2010	Medical -\$1,400,000 Dental - \$588,000	Planning Stage
R3.6	During future negotiations, seek contract language that allows the district to offer retirement incentives only when needed to meet specific staff or financial goals.	The district will conduct a detailed analysis and review to determine future direction and the validity of this recommendation.	Hugh Garside, Treasurer	Spring 2011		Further Study

## South-Western's Response to State Auditor's Performance Audit Facilities

Rec. #	Recommendation Summary	Implementation	Responsible Person(s)	Date	Auditor's Anticipated GF Savings	Status
R4.1	Reduce M&O department staffing by 15.5 FTEs; and Discontinue the practice of employing seasonal M&O department staff.	The district will create a plan and process to implement and adjust work as necessary to minimize the impact on the community. The district will study the impact of the reductions on community use of facilities and report the findings to the Board of Education.	Mark Waller, Prop. Svcs. Gary Smetzer, Asst. Supt Jamie Grube, Director	June 2010	\$677,000 and \$84,000	Planning Stage
R4.2	During future negotiations, seek to modify maintenance step schedules or limit future negotiated wage increases for these staff in order to bring compensation more in line with the average of similar districts in the area.	The district will consider this in preparing for negotiations.	Board of Education Administration	Spring 2010		Planning Stage
R4.3	Develop a formal facilities master plan that is consistent with leading practices, district-wide priorities, and the five-year forecast; and Develop five-year enrollment projections as a component of the facilities master plan. The plan should be reviewed annually and periodically updated to ensure consistency with district program needs and available funding.	The district is in the process of updating its master facilities plan and developing a comprehensive preventative maintenance plan for its facilities which will direct the district toward the most efficient use of facilities dollars.	Mark Waller, Prop. Svcs. Phil Warner, Dep. Supt. Janice Collette, Pup. Pers.	Fall 2010		Planning Stage
R4.4	Make use of its existing work order system capabilities by developing and fully implementing a preventative maintenance program.	The district will review its current work order system for improvements to implement such a system.	Mark Waller, Prop. Svcs. MIS	Fall 2010		Planning Stage
R4.5	Develop a formal handbook for custodial and maintenance operations; Review the handbook annually and update the procedures as necessary; and Provide periodic training to ensure that all staff are aware of the formalized processes and expectations outlined in the handbook, and are performing their functions consistently.	The district will update its custodial and maintenance handbooks for maximum efficiency and will provide additional training to staff.	Mark Waller, Prop. Svcs. Jamie Grube, Pers. Dir.	August 2011		Planning Stage

## South-Western's Response to State Auditor's Performance Audit Transportation

Rec. #	Recommendation Summary	Implementation	Responsible Person(s)	Date	Auditor's Anticipated GF Savings	Status
R5.1	Develop and implement written procedures for completing, reconciling and submitting transportation information that are consistent with ODE guidelines; and Ensure ridership data is collected in a manner which meets ODE requirements and is amended when appropriate.	The district will revise its forms to reconcile categories with state forms and provide training to employees on the newly-reconciled forms.	Hugh Garside, Treasurer Tim Cox, Trans. Supvr. Scott Deubner, Bus. Svcs.	Spring 2010		Completed
R5.2	Consider reducing at least nine active buses in order to improve the efficiency of the transportation operation and reduce its costs; Review bell schedules to maximize the use of triple routing; and Route buses for actual riders rather than those students eligible for transportation.	The district is in the process of developing a process to determine actual riders to maximize routing schedules and increase efficiency while attempting to ensure that students are not riding on a bus for an excessive amount of time (>50 minutes). The district will also review its current walk zones for areas of expansion while also taking safety of students into consideration.	Tim Cox, Trans. Supvr. Scott Deubner, Bus. Svcs.	August 2010	\$305,500	Planning Stage
R5.3	Attempt to reduce the costs associated with special needs transportation by exploring alternate forms of transportation as well as reducing the number of bus aides on special needs buses; and Revise the IEP development process to include transportation personnel when appropriate.	The transportation department will be involved in appropriate IEP meetings and will develop a plan to reduce bus aides in line with Federal regulations.	Tim Cox, Trans. Supvr. Scott Deubner, Bus. Svcs. Steven Carr, Sp. Ed. Dir.	Spring 2010		Implementation Stage
R5.4	During future negotiations, seek to eliminate payment in lieu of vacation that bus drivers receive; and Re-evaluate base salaries to make them more comparable with similar districts in the area.	The district will consider this in preparing for negotiations.	Board of Education Administration	Spring 2010		Planning Stage
R5.5	Develop a formal bus replacement plan to ensure proper planning and budgeting for the procurement of new buses.	The district currently has a bus replacement plan based on a 10-12 year cycle. It did not purchase buses during FY09 as a result of good bus maintenance. The district will formalize its replacement plan based upon a 12-year cycle and 250,000 miles per school bus.	Tim Cox, Trans. Supvr. Scott Deubner, Bus. Svcs.	June 2010		Implementation Stage

## South-Western's Response to State Auditor's Performance Audit Food Service

Rec. #	Recommendation Summary	Implementation	Responsible Person(s)	Date	Auditor's Anticipated GF Savings	Status
R6.1	Develop a strategic plan for food service operation with specific goals, objectives, and performance measures that are consistent with and supportive of the district's comprehensive strategic plan; and Develop a five-year forecast for the Food Service Fund.	The district will develop a five-year plan to include equipment replacement and general fund transfers.	Beth Glitt, Food Svc. Supr. Scott Deubner, Bus. Svcs.	Spring 2011		Planning Stage
R6.2	Ensure that all food service related expenses are charged to the Food Service Fund, regardless of any future need for transfers from the General fund. Specifically, a portion of utilities and refuse removal expenses should be allocated to the Food Service Fund.	The district is in the process of transferring costs to the food service fund.	Beth Glitt, Food Svcs. Hugh Garside, Treasurer	Winter 2010	Shift in cost of \$193,800	Implementation State
R6.3	Reduce up to 45.5 labor hours from daily food service operations.	The district will reduce the labor hours to reduce costs without eliminating revenue for grades 5-12. The district will continue to study the effects of staffing reductions on lunch participation and time allotted to students to eat their lunches.	Beth Glitt, Food Svc. Supr. Scott Deubner, Bus. Svcs. Jamie Grube, Pers. Dir.	August 2010	\$168,000 (food service fund)	Planning Stage
R6.4	During future negotiations, seek to renegotiate salary schedules for food service employees and/or limit future negotiated wage increases in order to bring hourly compensation levels in line with the average of similar districts in the area; and Seek to discontinue providing vacation pay for 9 and 10 month employees.	The district will consider this in preparing for negotiations.	Board of Education Administration	Spring 2010		Planning Stage

## South-Western's Response to State Auditor's Performance Audit Technology

Rec. #	Recommendation Summary	Implementation	Responsible Person(s)	Date	Auditor's Anticipated GF Savings	Status
R7.1	Ensure funding for the five-year replacement cycle in the district's technology plan.	The district will evaluate its spending plan and the possible use of permanent improvement funds to fund this recommendation.	Bryan Mulvany, ED MIS Tech Team	Winter 2011	<b>yearly increase</b> (\$700,000)	Planning Stage
R7.2	Consider implementing a student support program to train students in technical support – volunteer, paid or curricular program.	The district will evaluate the areas in which this could be determined to be a system security issue and also a contractual issue. The district will review this recommendation involving non-security related activities in relation to curricular offerings.	Bryan Mulvany, ED MIS Dave Hitchcock, Tech Coord. Sherry Minton, Career-Tech	Study Completion December 2010		Further Study
R7.3	Develop and implement a formal disaster recovery plan that incorporates leading practices outlined by the NCES; and Review and update the plan annually.	The district has not fully implemented its existing plan due to financial limitations. The district will review and formalize its plan.	Bryan Mulvany, ED MIS Tech Team	Summer 2011		Planning Stage

## South-Western's Response to State Auditor's Performance Audit Items for Further Study

Item for Further Study	Responsible Person	Date of Study Completion
Vocational Programs • Increase vocational enrollment	Sherry Minton, Career-Technical Lois Rapp, Assistant Superintendent	December 2010
All-Day Kindergarten and Building Utilization • Ability to comply with ADK requirements in HB1	Janice Collette, Pupil Personnel Lois Rapp, Assistant Superintendent	February 2011
Compensation for Grounds Keeping • Cost effectiveness of having M&O staff complete grounds keeping duties at the maintenance compensation rate	Mark Waller, Property Services Jamie Grube, Classified Personnel Gary Smetzer, Assistant Superintendent	Consider for Negotiations
Bus Replacement • Consider operating environment and constraints of bell schedules and rural routes when determining the size of buses	Tim Cox, Transportation Scott Deubner, Business Services	Study Completed: Presentation to the Board 3/22/10