

**MEMORANDUM**

To: Scott Seacat  
From: Jim Pellegrini  
Re: Estimates on Resource Needs for School District Audits

**School District Audits**

There are various models used by other states to conduct performance audits of school districts. They fall into three basic approaches.

- Develop a school district audit section and hire separate staff specifically to audit school districts. This is an option used by large states with staff sizes in the hundreds and large school districts.
- Use the current performance audit function and hire additional staff to address the increased workload. The audits are rotated through all staff. Work is guided through basic work plans. This option is used by smaller states with more specific and focused audits of school districts.
- Use the current performance audit function and hire additional staff specifically for school audits. This is an option used mainly by city/county performance audit groups. Travel was not a concern in the hiring decision process.

**Types of Audits**

These performance audit groups have taken on several types of audits. State audit offices have taken on both state-wide issues and school district specific issues. Those taking on state-wide issues used a large percentage of the audit resources on these audits and school district specific areas were not reviewed.

Examples of state-wide approaches include:

- Public School Districts' Dollars Spent in the Classroom
- Factors Impacting School District Administrative Costs
- Study of Joint Technological Education Districts: Urban and Rural

Examples of areas covered in school district specific approaches include:

- Financial Systems;
- Classroom Expenditures;
- Administrative Costs;
- Human Resources;
- Facilities; and
- Transportation.

**Audit Hours**

There was no specific number of audit hours specified for the performance audits. The size of the district, number of students, facility size, and the scope of the audit (state-wide to specific) affected the audit approach. Audit hours ranged from hundreds of hours to

thousands of hours. The time from audit start to completion ranged from two months to a year.

**Resource Approach**

A school district audit whether it is state-wide or very targeted will depend on three factors: 1) the total time needed for a responsive audit; 2) the areas to be covered by the audit; and 3) the resources placed on the audit. Changes in any one of the factors affect the others.

The resources necessary to complete these projects can most realistically be presented in terms of available audit hours; number of full-time equivalent staff; and associated costs.

The following matrix is based on our audit experience and cost information related to providing audit services.

<b>Estimated Resources and Associated Annual Audit Hours and Costs</b>					
<b>Number of Staff</b>	<b>1 FTE</b>	<b>2 FTE</b>	<b>3 FTE</b>	<b>4 FTE</b>	<b>5 FTE</b>
<b>Billable Audit Hours</b>	1498				
<b>Billable Audit Hours</b>		2995			
<b>Billable Audit Hours</b>			4493		
<b>Billable Audit Hours</b>				5990	
<b>Billable Audit Hours</b>					7488
<b>Personnel Costs</b>	\$42,700.00	\$ 85,400.00	\$128,100.00	\$170,800.00	\$213,500.00
<b>Office Package</b>	\$ 1,703.00	\$ 3,406.00	\$ 5,109.00	\$ 6,812.00	\$ 8,515.00
<b>Technology</b>	\$ 1,273.00	\$ 2,546.00	\$ 3,819.00	\$ 5,092.00	\$ 6,365.00
<b>Travel</b>	\$10,218.00	\$ 20,436.00	\$ 30,654.00	\$ 40,872.00	\$ 51,090.00
<b>Total</b>	\$55,894.00	\$111,788.00	\$167,682.00	\$223,576.00	\$279,470.00

<b>Estimated Number of Audits Based On Resources and Average Audit Hours</b>					
<b>Number of Staff</b>	<b>1 FTE</b>	<b>2 FTE</b>	<b>3 FTE</b>	<b>4 FTE</b>	<b>5 FTE</b>
<b>Average Audit Hours</b>	<b>Number of Audits</b>				
<b>250</b>	6	12	18	24	30
<b>500</b>	3	6	9	12	15
<b>750</b>	2	4	6	8	10
<b>1000</b>	1+	3	4+	6	7+