

# Audit Highlights



Highlights of Legislative Auditor report on the Department of Education, issued on September 21, 2006. Report # LA06-19.

## Background

The purpose of the State Board of Education is to be an advocate and visionary for all children and to set policy that allows all children equal access to educational services. The Department of Education was created in 1956 to execute the policy set forth by the Board. The Superintendent of Public Instruction is hired by the Board and serves as the Chief Executive Officer of the Department of Education. During fiscal year 2005, there were over 400,000 K-12 students in the State, an increase of nearly 18% from fiscal year 2001. The Department had expenditures and revenues of approximately \$1.2 billion, which includes over \$900 million in aid to schools through the Distributive School Account. Over 80% of all revenues for the Department are from state funds.

## Purpose of Audit

The purpose of this audit was to assess the Department's efforts to: ensure the accuracy and reliability of data; comply with pertinent state and federal laws, rules, regulations, and guidelines; and monitor certain educational programs. This audit included a review of the Department's administration of teacher signing bonuses, retirement credits, class-size reduction program, annual district reports, and student counts. In addition, our review included the Department's contracting and teacher license revocation processes, special appropriations, and certain state and federal programs. Our audit focused on the 18 months ending December 31, 2004.

## Audit Recommendations

This report contains 10 recommendations to improve the Department's processes. This includes five recommendations to strengthen controls over teacher incentive programs and other special appropriations. In addition, we made two recommendations to improve the teacher license revocation process. We also included a recommendation to assist the Department with controls over the special education due process hearings. Furthermore, we made a recommendation to improve the reliability of the Department's class-size reduction information. Finally, we recommended that the Department complete annual evaluations of classified employees.

The Department, in its response to our report, accepted all ten recommendations.

## Status of Recommendations

The Department's 60-day plan for corrective action is due on December 20, 2006. In addition, the six-month report on the status of audit recommendations is due on June 20, 2007.

# Department of Education

## Results in Brief

The Department of Education could improve several of its functions, processes, and controls. Although it carries out many responsibilities effectively, the Department did not always ensure the accuracy and reliability of data it receives from school districts. For example, the Department does not verify information from individual districts regarding class-size reduction efforts. Further, weaknesses allowed non-compliance with some state and federal laws, rules, regulations and guidelines, and monitoring of certain educational programs needs to be improved. These weaknesses include a lack of documentation for teacher license revocations, and the state's special education due process hearings. The Department provides many services and functions for school districts and the Legislature. Not providing adequate control over these areas can impact the Department's ability to properly administer these needs of the State.

## Principal Findings

The Department has established a process to reimburse districts for teacher signing bonuses. However, this process could be improved by requiring districts to submit reimbursement requests electronically to the Department. This would enable the Department to more efficiently review reimbursement requests. This would provide greater assurance that only eligible teachers receive the signing bonus and would help to ensure teachers only receive the signing bonus once.

The Department has not implemented processes over the retirement credit incentive program that ensure the districts receive their appropriate allocation and all eligible employees receive the credit. Based on our analysis of estimated costs to actual costs, we found the calculations completed by PERS varied from the amounts submitted to the Department of Education for reimbursement. As a result, some districts received less money than they should have, while other districts received more. In addition, four teachers' credits were not paid by their respective districts even though the Department had reimbursed the districts for the teachers.

Special funding has been appropriated to improve teacher retention and recruitment, purchase of textbooks, and to meet rising utility and health care costs. Although a process for allocating this special legislative funding has been developed, it has weaknesses that do not ensure the money allocated was needed or used for its specific purpose. The Department's current processes do not include detailed reporting and follow up to ensure the funding was used as intended. Strengthening existing reporting processes should provide the Department with greater assurance that recipients receive their entitled amount of special funding.

The Department is responsible for the monitoring of criminal and non-criminal teacher license revocations. However, the Department has not developed adequate policies and procedures to ensure cases are properly processed and documented. Furthermore, a system for monitoring criminal cases has not been implemented.

Evaluations of pupils with disabilities and related special education and services are provided by school districts. If a parent of the pupil does not agree with the identification, evaluation, or educational placement of the pupil, the parent may request the Department to provide an impartial due process hearing. Although the Department has policies and procedures for special education due process hearings, they do not provide adequate detail to ensure this function is properly carried out and documented. Specifically, procedures lack detail on the random assignment of hearing and review officers, the evaluation of hearing and review officers, and controls to ensure hearing and review officer hourly costs are documented.

The Department provides district class-size reduction information to the Legislature, Department of Administration, and Legislative Counsel Bureau. However, the Department does not verify the reasonableness of some of the information received from districts. Further, the Department was unable to explain variances between district information and information contained in the class-sized reduction report and the Department's funding formula. Without validating and documenting class-size information, users do not have reasonable assurance of the accuracy of the reported information.

The Department did not conduct employee evaluations in accordance with state law. Our review of 50 personnel files found that 39 (78%), had not received an annual evaluation during the preceding year. Failure to conduct employee evaluations limits the Department's ability to ensure the quality of staff.