



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804
Office of Fiscal Services

Vision Statement

The Office of Fiscal Services personnel will be exemplary stewards of all our resources to earn and maintain the public trust for effective use of state and federal taxpayer funds and donor resources to improve student achievement.

Mission Statement

Personnel in the Office of Fiscal Services will provide "customer service"-oriented financial expertise and timely, accurate information to internal and external customers in order to ensure transparency, sound fiscal management, and accountability at all levels of the DOE—from the schools to the state office.

Our Pledge

- We will process financial transactions with accuracy, integrity, and sense of urgency to meet our customers' needs.
- We will report timely, accurate results to our stakeholders.
- We will conduct our business ethically and be responsible for our actions and behavior, with respect for each other and all stakeholders.
- We will be technologically proficient and seek ways to continually improve our processes and methods of conducting business to create a productive and efficient work environment.
- We will partner with our internal and external customers to add value through financial analyses and pro-active solutions rather than just being the "accounting police."
- We will strive to make the DOE the preferred-employer department within state government by
 - providing opportunities for career development,
 - a challenging work environment,
 - and a safe workplace that results in employee satisfaction and well being.

	A	B	C	D	E	F	G
1	Department of Education						
2	Details of WSF TENTATIVE Allocation Calculation for Financial Plans						
3	Based on FY2008-09 Preliminary Appropriation						
4							
5							
6		Total PROJECTED Enrollment ⁽¹⁾	Weighting Factor	Weighted PROJECTED Enrollment	\$ Per Student	Total PROJECTED Allocation	% of Total PROJECTED Funds Available
7	The "Weight of One" Calculation						
8	Pre-K	1,508	1.000	1,508.00	\$4,114.18	\$6,204,180	
9	Jr. K-2	43,787	1.000	43,787.00	\$4,114.18	\$180,147,509	
10	Other Elementary	44,299	1.000	44,298.50	\$4,114.18	\$182,251,911	
11	Middle	31,845	1.000	31,844.50	\$4,114.18	\$131,013,939	
12	High	51,704	1.000	51,704.00	\$4,114.18	\$212,719,456	
13	Subtotal	173,142		173,142.00		\$712,336,995	80.4%
14	⁽¹⁾ Total Projected Enrollment includes General Education, Special Education, and Pre-K students at a weight of 1.00 per student.						
16	Student Characteristics						
17	K-2 Class Size	43,787	0.150	6,568.05	\$617.13	\$27,022,126	
18	English Language Learners (Aggregate)	15,778				\$15,212,776	
19	Fully English Proficient (FEP)	794	0.060	47.94	\$248.38	\$197,217	
20	Limited English Proficiency (LEP)	9,801	0.181	1,775.14	\$745.15	\$7,303,235	
21	Non-English Proficient (NEP)	5,175	0.362	1,874.57	\$1,490.30	\$7,712,324	
22	Economically Disadvantaged	70,463	0.100	7,046.35	\$411.42	\$28,989,933	
23	Transiency	14,043	0.050	702.16	\$205.71	\$2,888,804	
24	Subtotal			18,014.20		\$74,113,639	8.4%
26	School Characteristics						
27	Grade Level Adjustments						
28	Elementary	88,086	0.035	3,052.55	\$142.57	\$12,558,716	
29	Middle	31,845	0.100	3,195.63	\$412.86	\$13,147,384	
30	High	51,704	0.000	0.00	\$0.00	\$0	
31	Multi-Track	5,882	0.005	29.41	\$20.57	\$120,998	
32	Neighbor Island	53,835	0.005	269.18	\$20.57	\$1,107,434	
33	Geographic Isolation	1,821	0.005	9.11	\$20.57	\$37,460	
34	Subtotal			6,555.86		\$26,971,991	3.0%
36	Total - Weighted Characteristics						
						\$813,422,626	91.8%
38	Non-Weighted School Characteristics						
39	Multi-Track School						
40	Add'l Funding for Admin (per School)				\$111,050.50	\$444,202	
41	School Size - Sliding Scale	Enrollment Range		Formula (\$ Per Student)			
42	Elementary					\$27,347,884	
43	Enrollment < 250	0	250	-24.1140 X + 6,921.1			
44	Enrollment Between 250 - 350	250	350	-6.0666 X + 2,865.9			
45	Enrollment Between 350 - 450	350	450	-3.2035 X + 1,745.7			
46	Enrollment Between 450 - 650	450	650	-2.1568 X + 1,400.4			
47	Middle	0	850	-3.2750 X + 2,900.0			\$13,147,384
48	High	0	1,690	-1.1165 X + 1,889.7			\$9,605,737
49	Combination Schools						
50	K-12	0	1,690	-1.1165 X + 1,889.7			\$3,115,336
51	K-8	0	850	-3.2750 X + 2,900.0			\$3,100,879
52	6-12	0	1,690	-1.1165 X + 1,889.7			\$2,377,880
53	Loss Threshold ⁽²⁾	4%				\$13,413,878	
54	Total - Non-Weighted Characteristics						
						\$72,522,644	8.2%
55	⁽²⁾ Loss Threshold set to ensure that no school will lose more than the threshold % from one year to the next.						
56	Adjustment = difference between minimum level of funding less calculated allocation, but not less than zero.						
58	Grand Total - WSF Funds Available for Initial Tentative Allocation⁽³⁾						
						\$885,945,270	100.0%
59	⁽³⁾ Disclaimer: Projected allocations are tentative and are subject to change based on the Department's final appropriation for Weighted Student Formula and statewide enrollment figures. Final allocations will be determined based on Official Enrollment Count.						
60							
62	Reserved WSF Funds for Enrollment Count Adjustments - September and January						
						\$5,000,000	
63	Summary - Foundation Funds ⁽⁴⁾						
						\$20,105,474	
65	Grand Total - Funds Available for Tentative Allocation to Schools						
						\$911,050,744	
66	⁽⁴⁾ Foundation Funds are allocated independently of the Weighted Student Formula.						

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Page	FINDINGS	CURRENT STATUS	DATE COMPLETED/ TO BE COMPLETED
	Leadership and Commitment Lapses Hindered Past Reform Efforts		
Page 12	a. Student achievements, based on available measures, have not improved over the last ten years under two leadership teams.	<i>The HSTW Technical Assistance Visit Report, Feb. 2006 cites DOE State and School Trend Reports, "the percent of KHS students scoring proficient or above on HCPS II assessments in reading and math has been consistently above statewide percentages from 2001-2002 through 2004-2005." During the same period KHS consistently exceeded state percentages in mathematics on the SAT-9 and made significant gains in reading and mathematics from 2004-2005. (Refer to attachment) In 2006-07 further gains were made in reading (64%-a gain of 16% from 2006)and math (28%-a gain of 5% from 2006).In spite of these success rates, the school is not satisfied with the significant number of students who are not proficient in reading and math and who are not meeting academic standards. The school is focusing on redesigning curriculum, instruction, assessments and structures to improve student learning.</i>	On-going; Redesign: 2005-06 and On-going.
Page 13	b. Kailua High School's vision statement does not reflect any of the ideals implied by its participation in High Schools That Work (HSTW), a school improvement program which promotes high expectations of students and staff.	<i>Kailua High School's vision statement is the product of teachers, students, parents, community, administration and staff working together. The vision was based on input from all role groups at the October 2003 parent/community meeting, the Student Board of Affairs and the SCBM Council. Final approval was received the following year at our October 2004 parent/community meeting. The vision statement is student-centered and serves to guide the school's decision-making. It is our belief that our vision must be a shared one, in keeping with the hopes of our students. The vision continues to be strongly supported by our students as well as other role groups. The vision statement is revisited every year at the Parent/Community meeting in October.</i>	None
Page 14	c. Observation of students ignoring a supposedly strict rule banning the use of cellular phones on campus in plain view of faculty members.	<i>The majority of students comply with the "no-cell phone use" rule. However, school data shows that an increasing number of phones are confiscated by school personnel each year. In 2002-03 (59), 2003-04 (166), 2004-05 (186), 2005-06 (241), 2006-07 (276). During the 2002-03 school year, cell phone use on campus was widespread; enforcement of the rule was inconsistent. Since then, enforcement has become more consistent. Expectations are communicated to students in various ways at the beginning of the school year and periodically throughout the school year. Students have taken a leadership role by creating DVDs to promote positive student behavior and compliance with rules. However, the cell phone continues to grow in popularity and has become an integral part of the youth culture. Administration continues to emphasize the importance of consistent enforcement of the "no cell phone use" rule.</i>	On-going
	d. A HSTW technical assistance team visiting in February 2006 noted instances of students receiving a phone call or listening to music during class without objection from the teacher.	<i>Classroom management and student engagement in learning throughout the instructional period continue to be areas of focus for school improvement. Improvement in the classroom is supported through professional development activities and classroom visitations by peers and administration. The new teacher that was observed by the HSTW technical team on her first day of work was able to establish classroom control and refocus students on learning. The year ended successfully. Faculty and staff are aware of the need to have consistency in enforcing school rules. Our redesigned bell schedule implemented SY2007-08 may help in this area since most teachers now see their students on a daily basis.</i>	On-going
	e. The team also found that some students were allowed to submit substandard work.	<i>The school is continuing its efforts to build a culture of high expectations by 1) working on improving the rigor and relevance of its course content and instructional strategies; 2) requiring students to re-do work or re-take exams to demonstrate mastery of the skill or subject area content at the proficient level; and, 3) developing and utilizing rubrics to define the criteria for quality work or performance.</i>	On-going

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	<p>f. Only 10 percent of Kailua students report reading more than ten books during a school year. The school's benchmark under the HSTW program is for all students to read at least 25 books per year.</p>	<p>The school continues to make literacy instruction in all content areas a school wide focus. The English Department has selected high interest books to motivate and encourage students to read more. In SY2006-07, TeenBiz3000, a web-based reading and writing program was purchased to help students improve in reading and writing. The program may be accessed by the students afterschool and at home. All departments are placing more emphasis on writing in their courses.</p>	<p>On-going</p>
Page 15	<p>A proven program lingers ineffectively for ten years</p>		
	<p>a. Kailua High School falls short of the HSTW model, even with unquestionable pockets of excellence among its faculty.</p>	<p>The Career and Technology Education (CTE) Department at Kailua High School adopted High Schools That Work (HSTW) as a program in 1996. Teachers in the CTE department utilized HSTW research and participated in state/district inservice to guide the development and implementation of career/technology based programs. High Schools That Work was adopted as a schoolwide program in school year 2004-2005. The HSTW Technical Assistance Visit Report dated February 2006, which was cited in this audit report identifies six major challenges facing administrators, faculty and students and much more to be done. However, the report also states, "KHS has a strong commitment to improved student achievement and a willingness to work hard to ensure that students learn." It also describes the following Outstanding Practices: First, the school is implementing programs and taking actions that require students to meet high standards. Second, KHS is working to offer students career and technical (CT) opportunities that prepare them for post-secondary and/or high-level employment. Third, KHS teachers are working to develop varied instructional strategies that reach all learners. Fourth, KHS is taking steps to provide a system of guidance and advisement that supports all students. Fifth, the school has created a caring environment that involves all stakeholders in student-centered decision making. The school continues to work on implementing the HSTW model. Currently our focus is on improving the rigor and relevance of coursework, providing courses that specifically address the need for remediation and the acceleration/extension of programs of study by offering capstone courses.</p>	<p>On-going</p>
Page 16	<p>Paper compliance instead of strategic management results in wasted efforts</p>		
	<p>a. School faculty members admit that the school's development of the required design system documents (prepared in compliance with the strategic planning requirements known as the Standards Implementation Design System) amounted to little more than a paper compliance exercise.</p>	<p>School improvement is complex and significant change will take significant effort by all of us. Kailua High School has been working on establishing processes that allow open dialogue of diverse perspectives and views, that foster and support learning for everyone, that focus on the fundamentals of curriculum, instruction, assessment, developing a professional culture, collaborative processes, shared decision-making and student safety. While the SID plan may be viewed as a compliance document, the accomplishments, programs and initiatives that have been implemented these past three years are evidence of the faculty and staff commitment to school improvement and the implementation of the school's SID (currently Academic) plan.</p>	<p>On-going</p>
	<p>b. The school's plan included a number of objective measures that were never used to account for the school's progress and achievements.</p>	<p>The objective measures required three types of data: SAT-9 and HSA results; Chapter 19 suspension data; and School Quality Survey results. The data was not available to the school at the time of the status reporting (June of each school year). Continued discussion and analysis of the school's progress and achievements is done in October through December of each school year at School Leadership Committee meetings and Parent/Community Meetings.</p>	<p>On-going</p>

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	c. Student and faculty show a widening gap in perception on whether the teacher emphasizes higher level thinking and problem solving skills.	The school recognized the need to refocus its efforts in emphasizing higher level thinking and problem-solving and provided professional development for teachers in leadership, questioning strategies, Bloom's taxonomy, Cognitive Coaching and Habits of Mind. In-service in the various areas began in school year 2003-2004. Teachers are asked to use the language of the levels of cognition, such as "compare..., apply..." with their students. In 2005-06, the school developed a Walk-Through Protocol to provide feedback to teachers on the levels of cognition they are eliciting from students. Administrators and teacher leaders received training in using the protocol and have begun implementing the protocol this school year (2006-2007). The school continues to provide opportunities for use of the Walk-Through Protocol by teachers and administration. However, teachers need to help students understand the reasons for and recognize questions that are framed at the higher levels of cognition.	On-going
Page 18	Community participation is vital to school reform but not assured		
	A confusing law and lack of departmental guidance obscures the community council's role		
	a. The SCC's composition is based on group representation rather than expertise complementing that of the school leaders. The law mandates school employee membership, which may result in a majority of insiders rather than community members as suggested by best practices.	The law requires that Parents, Community and Students have an equal number (50%) of members as Teachers, Staff and Principal (50%). The composition of the SCC at Kailua High School conforms to the law. Meetings are open to the school-community so other individuals do participate in meetings—but do not have a vote on matters before the council.	On-going
	b. The election requirement can inhibit the council's ability to recruit a diverse and experienced membership.	DOE is complying with the law.	On-going
	c. The school has not actively recruited members from the business community to provide the expertise needed by the council.	Nominations are solicited by the School Community Council through the school newsletter. The law does not specify a business community member on the SCC. For 2007-08, Mrs. Francine Fernandez continues as our SCC community member. The SCC will need to continue its efforts to recruit community members/participants who will not leave the council as their children graduate from school.	On-going
Page 20	Systemic barriers obstruct effective implementation of Act 51		
	a. The department's inadequate support to schools has created a significant expertise gap in business administration.	The department offers in-service training on a trimester basis. As per the superintendent's directive, the training sessions are mandatory. The Department received funding for 15 Complex Area Business Manager positions to assist the CAS and schools. The Department is working with the HSOSA to determine future on-the-job training requirements and opportunities.	On-going
	b. The department's complex level personnel do not pro-actively seek to identify and address any shortcomings in administrative practices or support; schools are expected to call the district office for any help needed.	There is an administrative services assistant assigned to the complex to provide administrative support to schools in the areas of facilities management, safety management and school finance. The school will request assistance from the appropriate complex and district personnel for help as needed.	On-going

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Page 21	c. The DOE's Financial Management System currently is not capable of providing on-demand reporting in formats typically needed for effective fiscal planning and decision making at the school-level.	<i>The current Financial Management System (FMS) at the schools provides a report of real time balances for current and equipment expenses. There are also detailed on-line reports which provide expenditures by object code, program id, and vendor. The FMS system can also provide certain queries by vendor and purchase order. Additionally, detailed payroll reports are sent to the school on a monthly basis. The Department continues to evaluate short-term reporting requirements and upgrades, as well as planning for the potential replacement of FMS system within 3-5 years.</i>	On-going
	d. The system does not take advantage of available technology to improve compliance with existing controls. Automated verification can enforce compliance by rejecting purchase orders unless all required data is entered into the system.	<i>The Financial Management System is currently under review and the DOE is investigating the feasibility of using specialized enhancements such as automated verifications to improve our systems internal controls. The Department is proceeding with plans to pilot the State's HePS procurement system. The automated payroll Time and Attendance System work is proceeding and will be implemented in 1st quarter, 2009.</i>	On-going
Page 22	Interagency operations alignment may not result in better service		
	a. While Kailua High School's repair and maintenance coordinator reports minimal improvements in service delivery since the transfer of DAGS employees, grossly inaccurate records of the school's backlog of maintenance and repair projects raise questions about the department's ability to effectively manage this function and achieve the intended service improvements.	<i>The Project Management Section of the Office of Business Services is working to update a software program which will enable the schools to receive up to date records of the school's backlog of maintenance and repair projects.</i>	December, 2007
	b. Poor coordination of major repairs has resulted in costly damage, including structural damage to a building due to unfulfilled requests for termite treatment dating back to 1997.	<i>Repairs have been scheduled for the summer of 2007.</i>	
	c. The DOE's facilities and maintenance tracking system is unable to produce an accurate and timely listing of backlogged projects at Kailua High School.	<i>The Project Management Section of the Office of Business Services is working to update a software program which will enable the schools to receive up to date records of the school's backlog of maintenance and repair projects.</i>	December, 2007
Page 22 & 23	Financial flexibility from the weighted student formula funding is limited		
	a. The principal's control over the school's budget is limited by spending and personnel constraints.	<i>The principal is limited by the overall constraint of the budget. The composition of instructional, support staff and other expenditures are collaboratively decided by the principal in concert with faculty, staff, and the SCC. Additionally many of the old programs were converted into broader weighted student formula program ids which in turn has provided the school more flexibility in the expenditure of these funds. The composition of categorical funds, which are more restrictive however, are subject to the recommendation by the Committee on Weights and approval by the Board of Education. Although the conversion of many programs into weighted student formula provides greater flexibility to the school, the school does not have sufficient resources to adequately address the problems of workload and separation of functions in the area of administrative support services because greater priority is given to maintaining current levels of staff who deliver instruction to students.</i>	

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Page 25	Poor accounting practices leave the school in the dark about money-raising activities		
	a. Monetary donations received by the school were recorded in accounts for unrestricted use instead of trust accounts. Donations should be separately accounted for to ensure that moneys are used for their intended purposes.	<i>If there are no restrictions from the donor, the department feels it is permissible to commingle these donations. If, however, the donor has specified a stated purpose for the donation, a separate trust account is established to ensure that the funds are expended for its intended purpose.</i>	None
	b. Money raised from fundraising activities are recorded directly to the applicable student activities accounts or trust and agency accounts. Revenue raising accounts should be used to record amounts received and spent for each fundraising activity.	<i>The school concurs that a fundraising account in the local school fund should be established to record revenues and expenditures for each money raising activity and will follow the FMS policies.</i>	Completed 09/06/06
Page 25 - 26	Incomplete documentation makes it difficult to accurately report money-raising activities		
	a. The school does not maintain a complete listing of donations on an on-going basis. Gifts, grants, and bequests should be included in a report of all donations received with information on the donation's amount, date and purpose and the name of the donor.	<i>The school does maintain a log of all gifts, grants and bequests with information on the donation amount, date, purpose, and name of the donor. This list is transmitted to the Windward District Office on a quarterly basis. The school will follow-up with the District Office to verify receipt of their quarterly report. (See attached sample copy of quarterly report)</i>	Completed
	b. Fundraising activities are not always approved by school leadership and the school does not maintain a report of all such activities.	<i>Effective August 23, 2005, the school began issuing a handbook and providing in-service training to faculty and staff involved in fundraising activities. This handbook specifically states that all fundraising activities must be pre-approved by the principal utilizing Form 422, Money Raising Activity Report. Continue to monitor compliance with money-raising procedures.</i>	Completed annually
Page 26 - 27	Unapproved money-raising activities risk the school's reputation		
	a. The school lacked the required approval from the superintendent for all 13 donations of \$500 or more. Schools are required to report all donations with a value of \$500 or more to the superintendent of education, and document the presentation and acceptance of these donations.	<i>Donations received by the school are documented and a quarterly report is transmitted to the Windward District Office. The school will follow-up with the District Office to verify receipt of their quarterly reports and continue a tracking system. (See attached sample copy of letter)</i>	Completed 10/01/06
	b. More than half of the records of the events examined were not reviewed by the principal or designee in a timely manner. One activity was not reviewed until over a year after the completion of the event. The department requires the records for fundraising activities to be reviewed by the principal or designee within 15 days after the completion of the event to verify the accuracy of the amounts received and spent by each activity.	<i>The school currently issues a handbook and provides in-service training to faculty and staff involved in moneyraising activities. The handbook states the requirement that an accounting of each fundraising effort be provided to the principal no later than 15 days at the end of the activity. The final accounting is done utilizing Form 422, Money Raising Activity Report. The school will remind the faculty and staff to review the handbook. The principal and business office staff review the handbook annually (during the summer). Updates and revisions are made as needed. The in-service for faculty and staff who are involved in moneyraising activities is conducted annually at the beginning of each school year. Continue to monitor timely submittal of reports by fundraisers.</i>	Completed annually

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Page 27	Persistent cash processing problems place vulnerable assets at risk		
	a. The school has not made bank deposits in a timely manner, claiming that it is difficult and that its cash is sufficiently safeguarded in its vault.	<i>The school has both a walk in safe and a large immovable safe, located inside the walk in safe. Access to both safes are limited to a few individuals. The cash is also reconciled between the depositor and the business office, which occasionally takes longer than a day to complete. The school will make deposits via courier per the business handbook. Exceptions are on those occasions when cash collections take place in the afternoons, evenings and on weekends. Procedures were refined pursuant to the Annual Financial and Single Audit of 2004. Implement more frequent monitoring of compliance with requirements.</i>	Completed 04/05
Page 27 - 28	Delays in turning in cash and deposits increase the risk of loss		
	a. Instances were found where cash was not turned over to the school office for safekeeping for as long as two weeks after collection and receipts are regularly written for amounts counted by only one person. Departmental policies and procedures require that moneys collected outside the school business office (e.g., teachers collecting money from students in the classroom) be turned in to the business office daily, counted in the presence of two individuals, issued a receipt, and deposited daily into a bank.	<i>The school currently has a handbook and provides annual in-service training at the beginning of the school year to faculty and staff involved in fundraising activities. The handbook requires that cash receipts be remitted to the business office daily and locked in the safe. The faculty will be reminded of the school's policy. As was previously noted the cash is reconciled first by the depositor, and then by the business office, which occasionally takes longer than a day to complete. A receipt is given to the depositor to verify the cash transmittal. Implement more frequent monitoring of compliance with requirements.</i>	Completed 08/23/05
	b. Moneys collected are deposited into unauthorized checking accounts. The DOE authorizes schools to establish and maintain one checking account for non-appropriated local school funds with the same bank used by the department. Kailua High School uses a different bank.	<i>There is nothing written in the FMS User Policy and Process Flow Guide about limiting the schools' bank choice only to Bank of Hawaii. Approximately 20 years ago, the department switched its banking to Bank of Hawaii, But provided the schools an option to stay with their current banking institution. A few decided to stay with their own bank, including Kailua High School. This information was given to the auditors at the time of the audit.</i>	None
	c. The school does not deposit collections for lost books, facilities use, driver's education, and bad check service charges directly into the department's central clearing account, as required by departmental policies and procedures.	<i>Department procedures do not prohibit deposit of the secondary collection account with First Hawaiian Bank. After checks have cleared (usually within a week or two) the money is transferred to the Department's central account at Bank of Hawaii. The principal checks records of the secondary collection account monthly.</i>	On-going
Page 28 - 29	School leadership relies on one employee to handle most cash functions.		
	a. Cash functions are almost exclusively handled by the school's account clerk. This is contrary to prudent practices and impairs assurance that funds are protected from loss, error, or abuse. Effective controls over cash transactions include separating functions among different employees.	<i>As a result of a previously performed audit, the Annual Financial and Single Audit of FY 2004, the office started to have two people work on the counting of monies and the deposits.</i>	Completed 08/01/05
	b. The school does not perform all of the activities required by the department's administrator checklist to adequately safeguard and record cash. Accounting guidelines recommend compensating measures - alternative procedures designed to overcome a weakness - where limited staff makes effective segregation impractical.	<i>The school has been performing and completing the department's Administrator's Checklist as of August 2005 as recommended by the single audit for FY 2004 to adequately safeguard and record cash. Petty cash verification is done monthly by the clerk and semi-annually by administration. Continue to monitor petty cash verifications.</i>	10/07 and On-going

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Page 29	Petty cash funds distribution needs prior approval		
	a. The account clerk routinely processes reimbursements by first paying out the petty cash and then obtaining the principal's approval. Approvals should be obtained prior to paying out funds to prevent unauthorized expenditures.	The school has started to utilize request forms which have to be pre-approved by the principal for all petty cash disbursements.	Completed 10/06/06
Page 29 - 30	The school's overstated inventory shows poor stewardship over its valuable assets		
	a. Deficient inventory practices have resulted in Kailua High School's inability to properly protect and account for its furniture, equipment, and other property. Lacking clear responsibility assignments, support, and adequate oversight, school administrative staff is unable to maintain records of the school's assets.	Effective November, 2006, the school has dedicated a clerk to maintaining the fixed assets inventory. It should be noted that fixed assets in a school setting is not comparable to an office setting. Fixed assets will move according to needs of the faculty e.g. a video cassette recorder may move from room to room; furniture requirements change as class enrollment fluctuates during the school year. The school faculty and staff will continue it's effort to conduct and maintain the inventory of the fixed assets. However, implementing a system to accurately maintain the inventory continues to be a problem. While the school implemented new procedures in October, 2006, the system has not been effective due to the tremendous clerical workload that is generated throughout the school year. The Department will evaluate potential improvements to its fixed assets inventory system and procedures.	12/30/08
	b. Approximately \$500,000 of equipment used by eight school programs could not be verified. Staff speculates that most of the missing items have been disposed but no disposal records are available.	Equipment that was obsolete or beyond repair from programs, which were discontinued may not have been processed for disposal. The school will review and update the records beginning with the most recent purchases and working backward through previous years. Faculty will be reminded to follow proper Departmental procedures and policies to dispose of equipment. Additionally, revised inventory procedures will be established SY2006-07 to improve the accuracy of the inventory. Our target date for completion is 12/30/08. However, implementing a system to accurately maintain the inventory continues to be a problem. While the school implemented new procedures in October, 2006, the system has not been effective due to the tremendous clerical workload that is generated throughout the school year.	12/30/08
	c. The auditors found equipment not listed on the inventory or otherwise recorded in the school's records. The school stated that some items may have been donated, but no records verify the donations.	Donated equipment should be placed on the inventory pursuant to departmental guidelines. Faculty will be reminded periodically in the faculty and staff school bulletin that all donations must first be accepted by the principal, and if over \$500 in value, by the superintendent. Refer to a,b above.	10/01/06; On-going
	d. Poor recordkeeping when furniture and equipment is moved from one location to another turns locating specific items into a guessing game.	As was previously noted, fixed assets at a school setting will move according to need. Classroom furniture is a prime example of a fixed asset which may be located in different locations throughout the year. Inventory procedures will be reviewed with faculty and staff periodically. The school will continue its effort to conduct and maintain the inventory of fixed assets. Refer to a,b above.	On-going
Page 30 - 31	Poor inventory practices limit the school's ability to track its assets		
	a. The clerk assigned to maintain the inventory is unable to verify the accuracy of the annual certified inventory report. The principal insists that proper inventory procedures have been followed and annually certifies that the school's listing is accurate.	The clerk who is currently responsible for maintaining the fixed assets file understands the dynamics of a school setting in which equipment is shared according to the needs of the school's curriculum and instruction. She will continue to work on updating the files.	12/30/08

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	b. According to staff members, the requirement to keep track of assets they use and report both disposals and transfers is not enforced and teachers do not cooperate. Record-keeping efforts limited to adding new items.	Faculty and staff will be reminded of the necessity of their assistance in conducting and maintaining the inventory of fixed assets. The auditor's recommendation of a "stewardship" approach will again be stressed during the yearly inventory process in March, 2008. Teachers have cooperated with updating annual inventory reports.	Completed
	c. The school's media center was eliminated in 2002. The usable equipment was transferred to other programs and some equipment was disposed without submission of required paperwork. The value of the equipment was over \$200,000.	After this audit, the school went over the inventory listing and began reconciling the disposed items. Faculty was reminded and will continue to be reminded to follow proper Departmental procedures and policies to dispose of equipment by Department Heads and through memo from the principal. Refer to page 29-30 a,b above.	12/30/08
	d. The auditors observed many instances of missing information in the inventory report and found very few pieces of equipment with state decals.	Assets that are required to be decaled or identified with felt pen, painting, or engraving, will be done before placing assets into service. Decals are distributed to the person in charge of the fixed asset. The school will remind everyone to affix the decals immediately upon receipt. Reminders will be issued through a written notice/instruction at the time of delivery to the classroom. The school is trying to find an effective method for implementing this procedure. The problem is ensuring timely placement of large numbers of equipment on inventory without jeopardizing the ability of the school to return faulty products. Decals are unreliable as they are easily removed or fall off.	12/30/08
Page 31	Reduced administrative burden can improve accuracy		
	a. The DOE's inventory procedures, including labor-intensive paperwork requirements and a low cost threshold of \$250, place an administrative burden on schools. The State's threshold is \$1,000.	The DOE has adopted the inventory threshold of \$1,000 in line with the other State Departments. Items under \$1,000 which are considered theft sensitive such as computer equipment however, must be placed on the fixed assets inventory.	Completed
Page 31 - 32	Competitive selection in the school's procurement practices is questionable		
	a. Purchasing records reflect widespread after-the-fact approvals, parceling, and active discouragement of purchase requests that exceed thresholds requiring additional paperwork.	The standard operating practice of the school is that all purchases must first be approved by the principal. The school is aware of the procurement code and does not condone parceling of purchases. Continue to monitor compliance with procurement code requirements.	Ongoing
	b. School personnel have not consistently obtained required price quotes or maintained adequate records as required by law and departmental rules.	The school business office will utilize a form to document the required bids for small purchases under \$25,000.	Completed 10/06/06
	c. Most procurement records lack even basic supporting documentation.	All reimbursement requests are remitted to the Vendor Payment Section, Office of Business Services for payment, and are scrutinized very carefully to ensure compliance with applicable laws, rules and regulations.	Completed 10/06/06
	d. Twelve of the 50 purchase orders selected were approved after the fact. Most of those purchases (8 of 12) had been initiated by the athletic director, who indicated that approvals were obtained after goods were delivered for reasons of convenience.	The school will ensure that all future purchases will be pre-approved by the principal. Program managers and Department Heads are aware that pre-approval by the principal is required. Conferences with individuals have been held by the principal. Continued non-compliance may result in re-assignment of responsibilities and/or disciplinary action. Continue to monitor compliance with procurement requirements.	Completed 10/06/06

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	e. The athletic department's procurement of buses to transport teams to and from sporting events throughout the year is a parceling violation. Using a separate purchase order each time bus services were needed, the school paid one company in excess of \$10,000 for SY 2004-2005. Although transportation needs are reasonably predictable and several companies provide the same type of service, the school did not obtain three price quotes required by department policy for purchases between \$5,000 and \$15,000.	<i>The bus transportation needs of the school may not be as predictable as purported. Buses are often required when teams participate in tournaments. However, whether a team will advance to tournament play is unpredictable. Additionally, the bus companies have different requirements in terms of advanced notice. The school, however, will study the formulation of a base bid and required conditions for bus transportation for pre-season and season games for the next school year. The school implemented bid procedures for seasonal games that could be identified beginning with SY2006-07. However, it is recommended that the Department seek an exemption for athletics. Vendors complain about our bothering them. In the last year and a half only one vendor has submitted a bid to the school. The Department is pursuing a procurement exemption for transportation.</i>	Completed 09/01/06
	f. The account clerk admitted to advising other school staff to keep purchases below the \$5,000 threshold to avoid having to obtain three quotes. Purchases in excess of \$5,000 require price quotes unless the school purchases an item from an approved State Procurement Office list or the purchase is specifically exempt from procurement law, such as educational materials or faculty conferences.	<i>The account clerk is aware of the procurement code and was merely informing staff of the bidding requirements.</i>	None
	g. The school makes extensive use of exemptions from certain provisions of the state procurement law but fails to keep documents required by law. Among the 50 purchase order records the auditor reviewed, 12 were claimed by the school as "exempt" from the procurement code; however, none of them contained the reason for the exemption and the applicable exemption number.	<i>Purchases made utilizing the procurement exemptions will contain documentation including the reason for the exemption and the applicable exemption number noted on the purchase order worksheets. This was effective from July, 2006 as a result of a prior audit. However, the State Auditor's audit covered a period prior to the corrective action, thus, this finding.</i>	Completed 07/06/06
Page 32	Participation in sports at Kailua is lower than at other comparable high schools		
	a. Overall participation in the athletics program lags other comparable high schools. Kailua High School's overall student participation rate in SY 2004-2005 was 46.4 percent. (434 students participated of the 935 students enrolled) The other eight high schools, with enrollments ranging from 800-1100 students had an average student -athlete participation rate of 56 percent - almost 10 percent more than Kailua High School.	<i>The school's policy is to support participation in athletics as well as all other co-curricular activities. Participation is based on and determined by student interest.</i>	None
	b. The school does not offer intramural sports which are sports limited to the school campus and its students. Six of eight high schools having student populations of similar size have requested and received allocations for intramural sports during SY 2004-2005. Statewide, more than two thirds of all high schools requested and received allocations for intramural sports.	<i>The school places a priority on the health, safety and security needs of students and providing academic assistance during recesses and after-school. There is no BOE policy, administrative rule or directive for schools to establish an intramural sports program.</i>	None
	c. While Kailua High School paid lip service to the OIA ideals that athletics is an integral part of the education program of the high school	<i>The school disagrees with this finding, and feels that athletics as well as other co-curricular activities are an integral part of the educational program of the school.</i>	

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Page 34	Low participation may impact student physical well-being		
	a. Low participation in interscholastic sports and the absence of an intramural program may have a major long-term impact on students as physical activity has been linked to improved citizenship, sportsmanship, teamwork, and self discipline, in addition to higher grades and better attendance.	Students are encouraged to participate in the athletic programs as well as other co-curricular activities. For those students who are not interested in competitive sports, the school offers an array of courses in physical education that promote physical fitness and healthy lifestyles.	On-going
Page 34	The athletic director emphasizes major sports at the expense of minor sports		
	a. The athletic director does not have a plan or a strategy to expand participation in the minor sports, some of which are barely surviving.	A management plan has been drafted to implement a strategy to increase overall student participation in all sports for the next school year. However, it is noted that the popularity and wide participation in football benefits the school and students because it generates revenues that are used to support all other sports in the athletic program. Time spent for a sport by the athletic director is commensurate to the complexity of staging the events and their venue.	Completed 10/06/06
Page 35	b. The DOE's Athletic Handbook encourages a comprehensive, equitable, and balanced athletics program but the department's athletic office has not established any overall participation goals for interscholastic sports and does not publicize the overall participation results.	Coaches and faculty will continue to encourage students to participate in the athletics program. Overall participation results are shared at the annual "Athletic Awards Night" each year and at the coaches meeting in August.	On-going
Page 35 & 36	c. The athletic director has not developed adequate recruiting and promotion opportunities for the less popular sports and lacks a strategy to help coaches publicize their sports.	A management plan has been developed that includes a strategy to increase the overall student participation in athletics for next school year. The athletic director will establish benchmarks to increase student participation in the less popular interscholastic sports.	Completed 10/06/06
	d. The athletic director has not organized an intramural sports program for several years and has no plan for one in the future.	The school places a priority on the health, safety and security needs of students and providing academic assistance during recesses and after-school.	On-going
Page 36	Lapses in background checks put student physical well-being at risk		
	a. Permitting coaches to start work before background checks are completed at Kailua High School has placed students in care of individuals with criminal backgrounds.	1. A mandatory coaches training session was held on July 17, 2006. It covered DOE policies, criminal background checks, and the coaches handbook. 2. The school has required all coaches, assistant coaches, and volunteers (who are likely to be employed during the season) to complete the employment process and employee background checks prior to working with students in school practices and athletic events.	Completed annually
	b. The athletic director's poor records and lack of follow through unnecessarily extends this risky practice.	The athletic director is working with the principal and OHR to establish a system for tracking employee background checks and maintaining records.	Completed 04/30/07
	c. As of March 2006, nine months into the school year, three of the background checks for new coaches had still not been completed although their seasons were finished.	The school has required all coaches, assistant coaches, and volunteers (who are likely to be employed during the season) to complete the employment process and employee background checks prior to working with students in school practices and athletic events.	Completed 09/06/06

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Page 37	d. An additional seven of the returning coaches had never had their backgrounds checked.	<i>The school has required all coaches, assistant coaches, and volunteers (who are likely to be employed during the season) to complete the employment process and employee background checks prior to working with students in school practices and athletic events.</i>	Completed 09/06/06
	e. Three individuals had been convicted of drunken driving and other crimes of lesser severity.	<i>The school has required all coaches, assistant coaches, and volunteer coaches to complete the employment process and employee background checks prior to their working with students in school practices and athletic events.</i>	Completed 09/06/06
	f. Another individual served as a head coach for three months before the athletic director discovered that the individual had been previously convicted of murder.	<i>This individual was a summer volunteer for an independent group outside of Kailua High School. The school complied with Department policies and procedures pertaining to the employment and employee background checks for this individual. The Athletic Director had become aware of possible criminal history and therefore, the applicant was not hired.</i>	None
	g. A fifth individual served as an assistant coach for more than a year before the athletic director discovered that the individual had been previously convicted of assault and domestic abuse and removed him from the coaching position.	<i>The Department sent out a memo dated December 11, 2006 stating the policies regarding this matter.</i>	12/11/06
	h. Overall, the athletic director is disorganized and does not have a system in place to make sure coaching candidates' backgrounds are checked promptly - ideally before they begin coaching.	<i>The athletic director is working with the principal and OHR to establish a system for tracking employment and maintaining records.</i>	Completed 04/30/07
Page 37 - 38	Lacking training, coaches may not respond appropriately to mishaps		
	a. Hampered by incomplete records, the athletic director is unable to properly manage coaches' training, resulting in a less qualified coaching staff.	<i>The OIA has a tracking system statewide. The athletic director is also working with the principal to establish a system for tracking employment and maintaining records at the school. From the time of employment, the coaches have a two year period to complete the training.</i>	Completed 04/30/07
	b. The athletic director's poor records failed to identify whether coaches were trained in first-aid, cardiopulmonary resuscitation, and prevention and care of injuries as recommended by the DOE's athletics office.	<i>The athletic director, the principal and OHR are establishing a system for tracking employment training and maintaining records for all sports.</i>	Completed 04/30/07
Page 38 - 39	State funds for coaches are used for other purposes		
	a. Coaches' salary funds were used for purposes other than those represented to the DOE. The allocation notice specified that the funds be used to pay coaches. The athletic director used about \$15,000 to pay individuals who are neither assistant athletic directors nor coaches.	<i>The principal and athletic director will ensure that all coaching positions are staffed with coaches for its intended sport through the review of Form 435 (Application for High School Coaching Allotments) by the principal.</i>	Completed 08/01/06
Page 39	Payments are disguised as coaches' pay		
	a. The athletic director classified and paid 15 individuals as coaches although their real services were to assist him with the athletics program. These 15 individuals received about \$93,000 over the five-year period reviewed.	<i>The principal and athletic director will ensure that all coaching positions on Form 435 (Application for High School Coaching Allotments) are staffed with coaches for its intended sport. The school will explore other alternatives to provide the athletic director with resources to compensate additional coaches and staff personnel for their services. Adequate compensation and staff personnel for athletics continues to be a problem.</i>	Completed 08/01/06

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	b. The services performed in support of the athletics program are not specified and the payments received for those services do not appear to be equitable.	<i>The future support services personnel will be compensated pursuant to standard departmental employment and compensation practices.</i>	<i>Completed 08/01/06</i>
	c. A school office employee was paid \$4,020 as an assistant coach for judo, tennis, and wrestling during SY 2005-2006 and a total of \$17,314 over the past five years but did not actually coach in any of these sports.	<i>The principal and athletic director will ensure that all coaching positions are staffed with coaches. If additional program support is needed, the school will provide the support through established departmental personnel procedures. Allocated funds for unfilled coaching positions will be returned in accordance with departmental procedures.</i>	<i>Completed 08/01/06</i>
Page 39 - 40	Department Athletics Office's system for allocating coaching positions fosters disguised payments		
	a. Kailua High School had funding for more coaches than it needed for several minor sports programs that attracted few students.	<i>The principal and athletic director will ensure that all coaching positions are staffed with coaches for its intended purpose. Funding for positions not staffed will be handled through normal fiscal accounting procedures.</i>	<i>Completed 08/01/06</i>
	b. Kailua High School has not disclosed intentions of modifying coaching allotments and reclassifying the originally allotted funds, as required when reallocating funds to other sports.	<i>The athletic director is working with the State Athletics office to comply with the required rule for the modification of coaching allotments.</i>	<i>On-going</i>
Page 40	<i>The athletic director needs to improve controls over athletics program funds</i>		
	a. The athletic director does not have the budgetary and operational processes in place to properly account for and record financial transactions for school athletics.	<i>The athletic director, the complex ASA, and principal established an athletics budget and operational process to ensure fiscal accountability for financial transactions. The athletic budget planning and execution record-keeping form is being developed.</i>	<i>January 31, 2008</i>
	b. The athletic director has not monitored independent support groups and encouraged their compliance with financial guidelines.	<i>The Department does not have administrative authority over independent organizations. The school can only request voluntary compliance to departmental recommendations of running an independent organization.</i>	<i>None</i>
Page 40	The athletic director does not complete a composite budget for the athletics program		
	a. The athletic director does not prepare required budgets and financial reports, undermining accountability for the fiscal aspects of school athletics activities.	<i>The athletic director, the complex ASA, and principal established an athletics budget to ensure fiscal accountability for the program. Financial reports are submitted annually to the State DOE office. The athletic budget planning and execution record-keeping form is being developed.</i>	<i>January 31, 2008</i>
Page 41	b. The athletic director does not complete a composite athletics program budget nor does he report monthly on receipts and expenditures affecting the composite athletics program.	<i>The athletic director, the complex ASA and principal established an athletics budget to ensure fiscal accountability for the program. The athletic budget planning and execution record-keeping form is being developed.</i>	<i>January 31, 2008</i>
	Athletics program funds risk losses due to fraud, waste, and abuse		
	a. The athletic director does not make sure that the DOE's and the school's guidance for establishing and managing independent support groups is implemented.	<i>The Department does not have jurisdiction over independent organizations. The Department can only request voluntarily compliance to departmental recommendations of running an independent support group.</i>	<i>None</i>

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Page 42	b. One of the signatories for the baseball team's independent support group is employed by the department as a substitute teacher, contrary to the department's guidance.	<i>The Principal and Athletic Director will review the Department's guidance with the faculty and staff that employees are prohibited from signing checks and other negotiable instruments on behalf of independent organizations. This will be done annually, as new staff may not be aware of this directive.</i>	August- each year
	c. One of the signatories for the athletic department's independent support group, known as "KHS Surfriders Athletics," is the athletic director, a department employee. He signed several checks during SY 2005-2006.	<i>The athletic director has been reminded of the Superintendent's directive. Additionally, this account has been closed. Faculty and staff will be reminded that employees are prohibited from signing checks and other negotiable instruments on behalf of independent organizations.</i>	August- each year
	d. "KHS" Surfriders Athletics" had about \$33,000 in revenues during the first eight months of SY 2005-2006. The athletic director deposited OIA site expense checks valued at \$7,780 and food concession proceeds valued at \$32,760 into the independent account rather than in the a local school account, as suggested by the department.	<i>As of September, 2006 the OIA site expense checks are deposited into the non-appropriated local school fund. Additionally, proceeds from the concessions run by the Athletic Department are also deposited in the local school account.</i>	Completed 09/01/06
Page 43	e. The finances of the athletic department's independent support group are disorganized and had not been reported to anyone until we requested an accounting for the funds during the audit.	<i>The Department does not have jurisdiction over independent organizations. The Department can only request voluntarily compliance to departmental recommendations of running an independent support group.</i>	None
	f. The athletic director's personal funds and independent support group funds are commingled and many transactions are unsupported.	<i>The athletic director had an independent booster account known as Surfrider Athletics. These funds were not personal funds to the athletic director. This account has since been closed and the balance deposited into the non-appropriated local school fund under the direction of the principal.</i>	Completed 10/11/06
	g. There is no support for \$21,760 in proceeds from food concessions held at athletic events for the eight-month period reviewed.	<i>The school will implement a sales tracking system to account for event proceeds.Improvements were implemented beginning August, 2007. The school will continue to work on resolving problems that have been encountered to improve the efficiency of the operations.</i>	December 30, 2008
	h. There is no support for cash payments amounting to \$2,680 made for services provided at sports events, such as announcing the game, parking cars, and cleaning up the stadium or gymnasium. There was no documentation substantiating that individuals received cash payments.	<i>The school will ensure that honorarium payments to personnel at sporting events will be signed for by the receiving party.</i>	Completed 09/06/06

FY 2007-08

As of 11/28/2007

Specific Appropriations Status

Act #	Purpose	FY07-08 \$	FY08-09 \$	Date of Request to Governor	Date Funds Released	Date Request Returned without Action
Act 111	CTE for a project director for the Agriculture Education Improvement Plan	\$ 350,000	\$ -	8/24/2007	9/19/2007	
Act 111	Hawaii Excellence in Science and Technology Academy Pilot Program	\$ 26,730	\$ -	8/24/2007	9/19/2007	
Act 268	Establishment of a Waianae Complex HR Management Model	\$ 500,000	\$ 500,000	9/14/2007		10/22/2007
Act 275	On-line Learning Task Force to develop a plan to expand on-line opportunities	\$ 50,000	\$ -	8/24/2007		10/18/2007
Act 280	Teach for America	\$ 165,000	\$ -	8/24/2007		10/18/2007
Act 283	Workforce development liaisons and a support staff position for coordinating WD efforts with the various departments.	\$ 125,000	\$ 50,000	8/24/2007		10/18/2007
Act 194	Establish the food distribution program revolving fund. As of 9/16/07 the OCNP had not established a fee schedule for DOE Food Service to pay for the cost of warehouse to hold commodity foods. Until that step is completed it would be premature to seek release of funds.	\$ 2,000,000	\$ 2,000,000			
Act 228	National Board Teachers bonuses for teaching at qualifying schools.	\$ 500,000	\$ -			
Act 276	To establish the Felix Stipend Special Fund.	\$ 250,000	\$ -			
Act 280	For not more than 5 complex areas to establish capacity to coordinate and expand support services at the complex level including prof dev, alignment of curriculum, and mentoring in schools.	\$ 585,000	\$ -			

**Department of Education
Chapter 42F Grants Act 213/07, FY08**

								As of 11/2/07
Description	Amount	Agency Responded (Phone or Letter)*	Not Submitted/Reason	Request to Governor for Release	Status	Governor Release of Funds	Date Approved / Released	Not Yet Approved / Released
Hawaii County Economic Opportunity Council: Drop Out Prevention Program (Operating)	327,227	Letter		Aug 6, 2007	Returned without action from B&F 9/6/07			327,227
Hawaii County Economic Opportunity Council: Language Arts Multicultural Program (LAMP) (Operating)	225,000	Letter		Aug 6, 2007	Returned without action from B&F 9/6/07			225,000
Read To Me International (Operating)	100,000	Letter		Aug 21, 2007	Returned without action from B&F 9/24/07			100,000
Hawaii 3Rs (R&M)	400,000	Letter		October 31, 2007	Pending at B&F			400,000
Hawaii High School Athletic Association (Operating)	150,000	Phone	Not health & safety/critical need**					150,000
Hui Malama Learning Center (Operating)	150,000	Phone	Not health & safety/critical need**					150,000
Moanalua Gardens Foundation (Operating)	300,000	Letter	Not health & safety/critical need**					300,000
Frank Delima's Student Enrichment Program (Operating)	120,000	No						120,000
Ohana Care (Operating)	50,000	No						50,000
Mālama Learning Center, Oahu (CIP)	275,000	Letter	Not top CIP priority					275,000
Children's Discovery Center, Oahu (CIP)	125,000		Not top CIP priority					125,000
KCAA Preschools of Hawaii, Oahu (CIP)	250,000	Letter	Not top CIP priority					250,000
Grant Total	\$ 2,472,227					\$ -	-	\$ 2,472,227

* Agencies informed (letter of 7/9/07) that Governor will not release funds for operating grants in the first two quarters of FY 08 unless needed for public health/safety/other critical needs; 9/9/07 letter allowed agencies to justify meeting criteria.

** Per telephone conversation with agency, concurrence that the grant does not meet criteria of being necessary for public health & safety or other critical need.

NOTE: BOE has approved a listing of the top CIP projects to be requested for funding for FY 08 within B&F's ceiling of \$154 million of the \$345 million appropriated.

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
General Funds							
1	EDN100	NEW EDN 100 PROGRAM	Categorical funds for middle schools to apply for grants to assist with math.	0.00	0.00	\$5,000,000	\$5,000,000
2	EDN100	NON-SCHOOL HOUR PROGRAMS	Increase for Non-School Hour Programs.	2.00	0.00	\$400,000	\$5,400,000
3	EDN100	WEIGHTED STUDENT FORMULA	Increase for reducing class size in grade 3 (\$5,661,357), increasing weight for pre-k students to 1.0 (\$3,423,673), and/or additional funds for gifted and talented programs (\$5,000,000).	0.00	0.00	\$14,085,030	\$19,485,030
4	EDN100	WEIGHTED STUDENT FORMULA	Funds to increase WSF weight for transiency/mobility from 0.025 to 0.05, per October 5, 2006 decision by Board of Education.	0.00	0.00	\$1,594,788	\$21,079,818
5	EDN200	NEW EDN 200 PROGRAM	Homeless Concerns RTs for the islands of Hawaii & Maui. An additional 200+ students have been identified since last SY. One HDOE Homeless Concerns RT is insufficient to cover the needs of the entire state.	2.00	0.00	\$613,488	\$21,693,306
6	EDN100	NEW EDN 100 PROGRAM	Algebra 1 site licenses for standards-based tutoring software and diagnostic tool to provide individualized student support and to provide a means for credit recovery.	0.00	0.00	\$403,000	\$22,096,306
7	EDN200	ACCREDITATION/ SCHOOL IMPROVEMENT	DOE High School & Middle School Redesign Initiative	0.00	0.00	\$300,000	\$22,396,306

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
8	EDN200	HAW CONTENT/ PERFORM STAND- ASSESSMENT	Development and administration of new assessments; Algebra II end-of-course; credit by exam; and shortfalls for HSA.	2.00	0.00	\$4,582,506	\$26,978,812
9	EDN200	HAW CONTENT/ PERFORM STAND- ASSESSMENT	Develop the Hawaiian Aligned Portfolio Assessment for Hawaiian Language Immersion students in grades 5 and 6.	0.00	0.00	\$350,000	\$27,328,812
10	EDN200	SCHOOL COMPLEX SVCS-GEN CURRICULUM	Resource Teachers to support Complex Area Superintendents in improving student achievement.	43.00	0.00	\$1,909,243	\$29,238,055
11	EDN300	PERSONNEL SERVICES	Positions and contractual costs to develop and implement the Principal Performance Contracts.	7.00	0.00	\$815,268	\$30,053,323
12	EDN300	BUSINESS/ EDUCATION PARTNERSHIPS	Funds for Organized School Volunteer Programs	2.00	0.00	\$430,827	\$30,484,150
13	EDN300	BOARD OF EDUCATION	Funds to support the increase in operating costs for travel, office supplies, reference material, computer equipment and software.	0.00	0.00	\$59,780	\$30,543,930
14	EDN300	PROCUREMENT SERVICES	Positions and funds for the Procurement and Contracts Branch	5.00	0.00	\$351,684	\$30,895,614
15	EDN150	SCHOOL HEALTH AIDES	School Health Services Program: Additional funds for School Health Aide substitutes.	0.00	0.00	\$180,925	\$31,076,539
16	EDN300	NEW EDN 300 PROGRAM	Positions and funds to establish a Personnel Security Section and implement drug testing within the Office of Human Resources.	6.00	0.00	\$523,723	\$31,600,262

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
17	EDN300	CIVIL RIGHTS COMPLIANCE	Additional resources for the Civil Rights Compliance (CRC) Ofc to meet increased workload and compliance, including 2 CRC Specialists for ADA and Title VII Compliance, temporary contract employees, litigation-related fees, and other operating expense.	2.00	0.00	\$624,642	\$32,224,904
18	EDN300	RECRUITMENT & RETENTION SUPPORT CENTER	Positions and funds for the repricing and career ladder for Educational Assistants.	2.00	0.00	\$5,074,557	\$37,299,461
19	EDN300	ADMINISTRATIVE SERVICES (OFS)	Pre-Audit Clerks and operating funds for the Payroll and Vendor Payment Units of the Administrative Svcs Branch (in the Office of Fiscal Services).	10.00	0.00	\$345,904	\$37,645,365
20	EDN400	TEACHER HOUSING	Positions and funds for the Teacher Housing program (rough estimate of expenses in excess of rental revenue).	2.00	0.00	\$90,000	\$37,735,365
21	EDN300	WORKERS COMPENSATION-ADMINISTRATION	Positions and funds for OHR's Workers Compensation Section	3.50	0.00	\$98,868	\$37,834,233
22	EDN300	RECRUITMENT & RETENTION SUPPORT CENTER	Funds to contract services for the Collaborative Human Resources Automation Project (CHAP).	0.00	0.00	\$865,000	\$38,699,233
23	EDN150	SERVICES FOR CHILDREN WITH AUTISM	Position counts for employee-based autism services.	108.00	0.00	\$0	\$38,699,233

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
24	EDN300	RECRUITMENT & RETENTION SUPPORT CENTER	Funds to continue the Master's of Education in Teaching (MET) program which is included in the Title IIA plan.	0.00	0.00	\$370,000	\$39,069,233
25	EDN300	VARIOUS EDN 300 PROGRAMS	Positions and funds to convert and permanently fund 3 temporary federal fund positions (Secretary II, Account Clerk III, and Clerk Typist II) and 4 temporary general fund positions (Personnel Specialist I and 3.0 Personnel Clerk Vs) in OHR.	7.00	0.00	\$235,299	\$39,304,532
26	EDN300	NEW EDN 300 PROGRAM	Positions and funds for OITS Regional Support Centers and a Student Internship Program	17.00	0.00	\$911,250	\$40,215,782
27	EDN150	CONTRACTS COMPLIANCE UNIT	Conversion of temporary Secretary position to permanent status	1.00	(1.00)	\$0	\$40,215,782
28	EDN200	LEADERSHIP DEVELOPMENT	Conversion of a temporary Educational Specialist II position to permanent status. The position is established under OHR's Professional Development and Educational Research Institute.	1.00	(1.00)	\$0	\$40,215,782
29	EDN200	LEADERSHIP DEVELOPMENT	Position and funds for an Educational Specialist and operating expenses to continue the Teacher Leader Academy.	1.00	0.00	\$160,793	\$40,376,575
30	EDN200	LEADERSHIP DEVELOPMENT	Positions and funds for 14 cohort interns and additional operating expenses for the Administrator Certification for Excellence (ACE) Program.	14.00	0.00	\$821,410	\$41,197,985

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
31	EDN300	SUPERINTENDENT'S OFFICE	Business-Education Partnerships Office budget request for reward and recognition programs.	0.00	0.00	\$150,000	\$41,347,985
32	EDN400	FACILITIES SUPPORT BRANCH	Funds to implement a drug prevention program utilizing drug-sniffing dogs.	0.00	0.00	\$300,000	\$41,647,985
33	EDN300	PUBLIC CHARTER SCHOOLS PROGRAM OFFICE	Positions and operating funds for the Public Charter Schools Program Office to administer the Federal USDOE Public Charter Schools Program Grant, represent the SEA for the state, and manage the MOAs for charter schools which buy services.	3.00	0.00	\$114,000	\$41,761,985
34	EDN200	SYSTEMS ACCOUNTABILITY OFFICE	Positions and funds to enable the Department to continue program and fiscal evaluations of every program on at least a five-year cycle in compliance with BOE Policy No. 1200-1.17.	5.00	0.00	\$458,748	\$42,220,733
35	EDN300	NEW EDN 300 PROGRAM	Shortfalls in recruitment and retention bonuses/incentives to recruit and retain highly qualified teachers, administrators, and staff in geographically hard-to-fill or position shortage areas, and to continue bonuses for teachers provided by Act 228/07.	0.00	0.00	\$875,126	\$43,095,859
36	EDN300	NEW EDN 300 PROGRAM	Provide funding for contracts with recruitment firms to recruit and retain highly qualified teachers, administrators, and staff in geographically hard-to-fill or position shortage areas.	0.00	0.00	\$4,662,408	\$47,758,267

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
37	EDN400	FOOD SERVICE ADMINISTRATION	Funds for the School Food Authority to cover increased costs for overtime, office supplies, utilities, intra-state travel, and other expenses.	0.00	0.00	\$208,339	\$47,966,606
							\$47,966,606
			Subtotal General Funds:	245.50	(2.00)	\$47,966,606	
General Funds - Housekeeping							
38		Various	Transfer funds from various programs in EDN100, EDN200, EDN300, and EDN500 for Kamaile School to Public Charter School program.	0.00	0.00	(\$2,631,412)	
39		PUBLIC CHARTER SCHOOLS	Transfer funds from various programs in EDN100, EDN200, EDN300, and EDN500 for Kamaile School to Public Charter School program.	0.00	0.00	\$2,631,412	
40	EDN150	RECRUITMENT AND RETENTION INCENTIVE	Transfer funds to new EDN 300 program for recruitment and retention incentives.	0.00	0.00	(\$5,051,874)	
41	EDN300	NEW EDN 300 PROGRAM	Transfer funds from EDN 150, Recruitment & Retention Incentive to consolidate OHR funds in EDN 300.	0.00	0.00	\$5,051,874	
42	EDN300	ADMINISTRATIVE SERVICES (OFS)	Transfer funds for Mail Room.	0.00	0.00	(\$225,000)	
43	EDN400	FACILITIES SUPPORT BRANCH	Transfer funds for Mail Room.	0.00	0.00	\$225,000	
			TOTAL GENERAL FUNDS:	245.50	(2.00)	\$47,966,606	

Department of Education

FY 2008-09 Supplemental Budget Requests (as of 10/5/07)

Priority #	EDN	Program Description	Short Description	FTE Perm	FTE Temp	2009 Total Request	Cumulative Total
OTHER FUNDS:							
44	EDN400	NEW EDN 400 PROGRAM	Transfer revolving funds from HMS807, Teacher Housing, to new EDN 400 program per Act 204/05.	0.00	0.00	\$322,625	
45	EDN100		Increase trust funds expenditure ceiling.	0.00	0.00	\$7,000,000	
TOTAL NON-GENERAL FUNDS:				0.00	0.00	\$7,322,625	



State of Hawaii
Department of Education

Office of Fiscal Services Briefing

Presented by James M. Brese,
Assistant Superintendent and CFO
December 3, 2007



Agenda

- Overview of Office of Fiscal Services
- Update on Complex Area Business Managers (CABMs) and Administrative Services Assistants (ASAs)
- Update on WSF Implementation
- Update on the Kailua High School Audit
- Budget Accountability
 - Revised Budget Process
 - How does a school monitor its funds?



Agenda (Continued)

- Update on Financial Management Systems and other infrastructure needs
 - FMS
 - Payroll
- Update on Charter Schools Financial Processes
- Update on Specific Appropriations and Grants in Aid

3



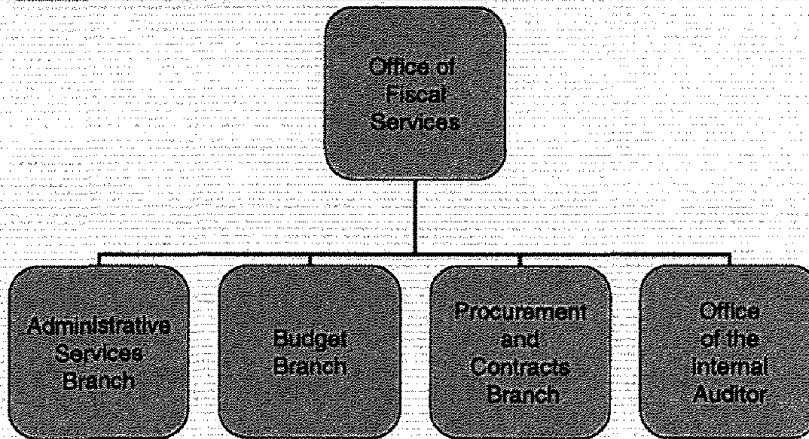
Agenda (Continued)

- Update on DOE's Supplemental Operating Budget Request
- Conclusion/Questions?

4



Overview of Office of Fiscal Services



5



Overview of Office of Fiscal Services (Continued)

- Management/Employee Challenges
 - CFO hired October 2006
 - Director of Procurement and Contracts Branch (PCB) resigned January 2007
 - No T/A for Director of PCB until March 2007
 - Director of Administrative Services Branch (ASB) retired February 2007
 - No T/A for Director of ASB – five months
 - Private Secretary hired in March 2007

6



Overview of Office of Fiscal Services (Continued)

- Director of ASB hired July 2007; transferring from Budget Branch
- Currently T/A for Director of Budget Branch
- Currently T/A for Director of PCB
- Internal auditor hired August 2007; resigned after one month; recruitment now ongoing for two positions
- Four accountants retired in FY2006-07; four new people recruited and undergoing training

7



Overview of Office of Fiscal Services (Continued)

- Three new accountant positions approved for FY2007-08 still being recruited
- Staffing is an issue for all Branches/Offices
- Integrating functional areas into Office of Fiscal Services under new leadership
 - Edwin Koyama, Director of ASB
 - Adele Chong, Acting Director of Budget
 - Andrell Beppu-Aoki, Acting Director of PCB
 - Denise Yoshida, Internal Audit Specialist

8



Overview of Office of Fiscal Services (Continued)

- Employee expectations being set!!!
- Directors/supervisors managing for results!!!
- Sense of urgency!!!

9



Overview of Office of Fiscal Services (Continued)

- Vision Statement
- Mission Statement
- Our Pledge
 - Please refer to OFS Exhibit

10



Overview of Office of Fiscal Services (Continued)

- Highlight of Other New Activities
 - Overseeing Office of Human Resources (OHR) comprehensive management assessment by external audit firm for Superintendent
 - Developed scope of services; negotiated contract
 - Purpose is to evaluate the effectiveness of the Human Resources functions, and to ensure regulatory compliance with federal, state, and local government laws following the de-linking from the Department of Human Resources Development and the transition of 465 positions resulting from Act 51/SLH2004

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Overview of Office of Fiscal Services (Continued)

- Focus on results and evaluate and challenge the underlying rules, philosophies, policies, procedures, and methods used to manage the Human Resources functions
- Determine if performance of the functions is appropriate, and is being performed by the correct personnel within offices and within an overall adequate reporting structure
- Evaluate the strengths and weaknesses of OHR and define opportunities for improvement while identifying potential challenges to success

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Overview of Office of Fiscal Services (Continued)

- Implementing audits of local school funds at all Oahu high and middle schools by external audit firms
 - Establishes baselines for future training
 - Identifies recommendations for improvement in fiscal processes, procedures, and documentation
- Improving communications about the DOE budget to the public
 - Viewpoints taping (PBS and Oiele channels)
 - Panel discussion with The Honolulu Advertiser's Editorial Board

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Overview of Office of Fiscal Services (Continued)

- BOE Community Meeting presentations to educate the public and seek budget input
 - Present how our budget is developed
 - Present how the various types of funding are utilized
 - Present how the general funds are allocated to meet the needs of the schools, the complex areas, and to perform state-level functions on behalf of the schools.
 - Seek public input for preparation of next biennium budget

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Overview of Office of Fiscal Services (Continued)

- DOE Task Force designed and programmed a new report of grant amounts and expenditures for federal funds (Non-FIFO)
- Quickly identify federal funds approaching the lapse date; prevent lapsing of federal funds
- CFO, Budget, and Accounting staff trained program managers, principals, SASAs, ASAs, CAS, and AS; training is continuing
- Remaining federal funds to be included in SY07-08 and potentially general funds to be included in SY08-09

15



Update on CABM and ASA

- CABM Recruitment Ongoing
 - Position descriptions finalized: Sept. 2007
 - Special supplemental questions developed to ensure high standards
 - Applicants' documentation reflecting specific education, knowledge, skills, and specialized work experience screened for minimum qualifications
 - 24 internal applicants – 7 qualified, 3 pending
 - 49 external applicants – 3 qualified (so far)

16



Update on CABM and ASA

(Continued)

- Internal recruitment completed
- External recruitment continuous
- Final plans for applicant assessment and interview process being developed
- Target hire date is January 1, 2008
- CABM reports to CAS
- Expectations and fiscal training by OFS, with ongoing support and monitoring

17



Update on CABM and ASA

(Continued)

- ASA Positions
 - Reviewing current positions and status of employees
 - Reviewing prior performance evaluations
 - Reviewing the appropriate relationship of ASAs to the lead principal, School Support Section, and CAS

18



Update on WSF Implementation

- BOE approved recommendations of Committee on Weights (COW) III
 - Re-affirm and maintain current WSF principles and weights, except:
 - Do not place additional categorical programs into WSF for SY2008-09
 - Increase Special Education Pre-K students to a weight of 1.0 from 0.5

19



Update on WSF Implementation

(Continued)

- Charge schools for principal average salary by school size and school level instead of one average salary by school level
- Segregate English Language Learners (ELL) weight
 - Fully English Proficient (FEP)
 - Limited English Proficiency (LEP)
 - Non-English Proficiency (NEP)
- Add Neighbor Island weight to acknowledge higher operating costs
- Proceed with 100% implementation; no "transition" adjustments

20



Update on WSF Implementation (Continued)

- Add "virtual school" to reserve funds for enrollment increases statewide
- Implement sliding scale for school size adjustment
 - Basically, all medium- and larger-sized schools subsidize smaller schools, not just those larger than a certain range of enrollment
- Implement limitation of no more than 4% loss for a school compared to the prior year WSF allocation at the Official Enrollment Count (OEC) in August

21



Update on WSF Implementation (Continued)

- Continue allocation of \$20.1 million foundation funds at fixed amount by school level independent of WSF calculation
- Because of adopted changes in WSF principles, the value of 1.0 will decrease for schools in SY2008-09
- Refer to WSF Details Exhibit

22



Update on WSF Implementation (Continued)

Summary of WSF TENTATIVE Allocation and Foundation Funds for SY2008-09	Total PROJECTED Enrollment	\$ Per Student	Total PROJECTED Allocation	% of Total PROJECTED Funds Available
The "Weight of One" Calculation	173,142	\$4,114.18	\$712,336,995	80.4%
Student Characteristics			\$74,113,639	8.4%
School Characteristics			\$26,971,991	3.0%
Total - Weighted Characteristics			\$813,422,625	91.8%
Non-Weighted School Characteristics			\$72,522,644	8.2%
Grand Total - WSF Funds Available for Tentative Allocation			\$885,945,270	100.0%
Reserved WSF Funds for Enrollment Count Adjustments - Sept and Jan			\$5,000,000	
Summary - Foundation Funds			\$20,106,474	
Grand Total - Funds Available for Tentative Allocation to Schools			\$911,050,744	

¹³ Total Projected Enrollment includes General Education, Special Education, and Pre-K students at a weight of 1.0.

¹⁴ Loss Threshold set to ensure that no school will lose more than the threshold % from one year to the next.

Adjustment = difference between minimum level of funding less calculated allocation, but not less than zero.

¹⁵ Disclaimer: Projected allocations are tentative and are subject to change based on the Department's final appropriation for WSF and statewide enrollment figures. Final allocations will be determined based on Official Enrollment Count.

¹⁶ Foundation Funds are allocated independently of the Weighted Student Formula.

23



Update on Kailua High School Audit

- Please refer to Kailua High School Audit Exhibit
- Office of Fiscal Services (OFS) reviewing and revising the FMS Users Guide
 - Upgrade the internal controls and financial transaction processing for the local school accounts
 - Address school staff training to provide skills and knowledge required to successfully manage the local school accounts
 - Reduce audit findings
 - Meeting and planning with HSOSA

24



Budget Accountability

- Revised Budget Process
 - Provided all program managers, directors, assistant superintendents with budget base details and expenditures for the previous two years for each general fund program
 - Requested review and adjustment of base budget to reflect anticipated needs for FY2008-09

25



Budget Accountability (Continued)

- Requested review of Key Performance Indicators (KPIs)
- After review of base budget details and expenditures, requests for budget increases were accepted
- Budget requests reviewed against past four years expenditures by office to determine utilization of existing funds

26



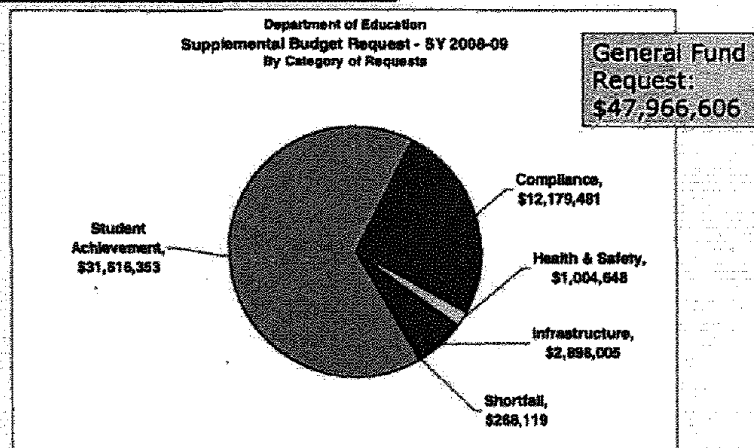
Budget Accountability (Continued)

- Surviving requests prioritized based on overall impact on student achievement and system improvements
 - Student Achievement
 - Health and Safety
 - Compliance
 - Infrastructure
 - Shortfalls
- Recommendation to BOE for Approval

27



Budget Accountability (Continued)



28



Budget Accountability (Continued)

- Budget Branch provided intensive technical support to the COW III
- Budget Branch provided training sessions for the WSF and school financial plans across all complex areas in the state
- Budget Branch provided one-on-one work session services across the entire state for principals during the finalization stages of their school financial plans
- Continuously improving financial plan tools

29



Budget Accountability (Continued)

- How does a school monitor its funds?
- Several tools are available for schools to use:
 - Financial Management System (FMS) Reports
 - Budget-to-Actual Expenditure Reports (Crystal Software)

30



Budget Accountability (Continued)

FMS On-Line Daily Reports:	Accessible by schools, on demand, on-line at the DOE FMS website.
<input type="checkbox"/> Allotment Status (DAFM482)	General fund current allotment, expenditure/encumbrances, current balance, by specific Program ID.
<input type="checkbox"/> Cash Status (DAFM484)	Cash available in special, trust funds; related expenditures; and current balance, by specific Program ID.

31



Budget Accountability (Continued)

FMS Monthly Reports	Accessible by schools, on-line at the DOE FMS website.
<input type="checkbox"/> School Allotment Register (DAFR4470)	General fund detailed list of expenditures/encumbrances, current balance, by specific Program ID.
<input type="checkbox"/> Allotment Control Status (DAFX4480A)	Summary of expenditures/encumbrances and available balances.
<input type="checkbox"/> School Cash Control Register (DAFM451)	List of cash receipts, encumbrances and expenses.
<input type="checkbox"/> Payroll Detail Transaction Report (DAFMZ032)	List of payroll charged to the school for the month.

32



Budget Accountability (Continued)

- Additional Report Being Developed For School Use
 - School Financial Plan Monitoring Reports
 - Will compare actual expenditures to the school's annual financial plan

33



Update on FMS and Other Infrastructure Needs

- Review of our Financial Management System (FMS) by external consultant
 - Evaluate options for the upgrade/replacement of the FMS
 - Short-term and long-term goals
 - Creation of new financial reports and automation of manual financial reports
 - Business-process reengineering specialist to be recruited
 - Review of our financial transactions processing

34



Update on FMS and Other Infrastructure Needs

- FMS development project manager
 - Oversee the upgrade/replacement of the FMS project
- FMS Upgrades - \$650,000
 - Upgrade existing servers for better performance
 - Hire consultant to assist OFS and OITS to develop request for proposal (RFP) and specifications of project, along with outlining ALL resources required for accurate, timely completion

35



Update on FMS and Other Infrastructure Needs

- Payroll system (Time and Attendance)
 - No existing payroll system for full time permanent employees
 - Leave accounting backlog
 - Hired audit firm to assist with clearing backlog
 - Targeted completion: October 2008
 - Automated leave accounting: January 2009
 - Automated payroll processing: April 2009 (if resources available)

36



Update on Charter Schools Financial Processes

- The statutory authority to manage and monitor the Charter Schools rests with the newly created Charter School Review Panel
- The Charter Schools' per pupil funding is reflected in EDN600

37



Update on Specific Appropriations and Grants in Aid

Specific Appropriations – Released by the Governor

Act #	Purpose	FY07-08 \$	FY08-09 \$	Date of Request to Governor	Date Funds Released	Date Request Returned without Action
Act 111	CTE for a project director for the Agriculture Education Improvement Plan	\$ 350,000	\$ -	8/24/2007	9/19/2007	
Act 111	Hawaii Excellence in Science and Technology Academy Pilot Program	\$ 28,730	\$ -	8/24/2007	9/19/2007	

38



Update on Specific Appropriations and Grants in Aid (Continued)

Specific Appropriations – Returned by the Governor Without Action

Act #	Purpose	FY07-08 \$	FY08-09 \$	Date of Request to Governor	Date Funds Released	Date Request Returned without Action
Act 268	Establishment of a Waianaa Complex HR Management Model	\$ 500,000	\$ 500,000	9/14/2007		10/22/2007
Act 275	On-line Learning Task Force to develop a plan to expand on-line opportunities	\$ 50,000	\$ -	8/24/2007		10/18/2007
Act 280	Teach for America	\$ 165,000	\$ -	8/24/2007		10/18/2007
Act 283	Workforce development liaisons and a support staff position for coordinating WD efforts with the various departments.	\$ 125,000	\$ 50,000	8/24/2007		10/18/2007

Returned specific appropriations will be re-submitted in January 2008 for reconsideration

39



Update on Specific Appropriations and Grants in Aid (Continued)

Specific Appropriations – Delayed Request Until January 2008

Act #	Purpose	FY07-08 \$	FY08-09 \$	Date of Request to Governor	Date Funds Released	Date Request Returned without Action
Act 194	Establish the food distribution program revolving fund. As of 9/16/07 the OCNP had not established a fee schedule for DOE Food Service to pay for the cost of warehouse to hold commodity foods. Until that step is completed it would be premature to seek release of funds.	\$ 2,000,000	\$ 2,000,000			
Act 228	National Board Teachers bonuses for teaching at qualifying schools.	\$ 500,000	\$ -			
Act 278	To establish the Felix Stiperid Special Fund.	\$ 250,000	\$ -			
Act 280	For not more than 5 complex areas to establish capacity to coordinate and expand support services at the complex level including prof dev, alignment of curriculum, and mentoring in schools.	\$ 585,000	\$ -			

40



Update on Specific Appropriations and Grants in Aid (Continued)

Grants in Aid – Returned by the Governor Without Action or Still Pending; will be re-submitted in January 2008 for reconsideration

Description	Amount	Agency Responded (Phone or Letter)*	Not Submitted/Reason	Request to Governor for Release	Status
Hawaii County Economic Opportunity Council: Drop Out Prevention Program (Operating)	327,227	Letter		Aug 6, 2007	Returned without action from B&F 9/6/07
Hawaii County Economic Opportunity Council: Language Arts Multicultural Program (LAMP) (Operating)	225,000	Letter		Aug 6, 2007	Returned without action from B&F 9/6/07
Read To Me International (Operating)	100,000	Letter		Aug 21, 2007	Returned without action from B&F 9/24/07
Hawaii 3Rs (R&M)	400,000	Letter		October 31, 2007	Pending at B&F

41



Update on Specific Appropriations and Grants in Aid (Continued)

Grants in Aid – Agency Agreed GIA Does Not Meet Criteria/No Response; will be re-submitted in January 2008 for consideration

Description	Amount	Agency Responded (Phone or Letter)*	Not Submitted/Reason	Request to Governor for Release	Status
Hawaii High School Athletic Association (Operating)	150,000	Phone	Not health & safety/critical need**		
Hui Malama Learning Center (Operating)	150,000	Phone	Not health & safety/critical need**		
Moanaka Gardens Foundation (Operating)	300,000	Letter	Not health & safety/critical need**		
Frank Delima's Student Enrichment Program (Operating)	120,000	No			
Ohana Care (Operating)	50,000	No			

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Update on Specific Appropriations and Grants in Aid (Continued)

Grants in Aid – Not Part of BOE Top CIP Priorities

Description	Amount	Agency Responded (Phone or Letter)*	Not Submitted/Reason	Request to Governor for Release	Status
Malama Learning Center, Oahu (CIP)	275,000	Letter	Not top CIP priority		
Children's Discovery Center, Oahu (CIP)	125,000		Not top CIP priority		
KCAA Preschools of Hawaii, Oahu (CIP)	250,000	Letter	Not top CIP priority		
Grant Total	\$ 2,472,227				

* Agencies informed (letter of 7/9/07) that Governor will not release funds for operating grants in the first two quarters of FY 08 unless needed for public health/safety/other critical needs; 9/9/07 letter allowed

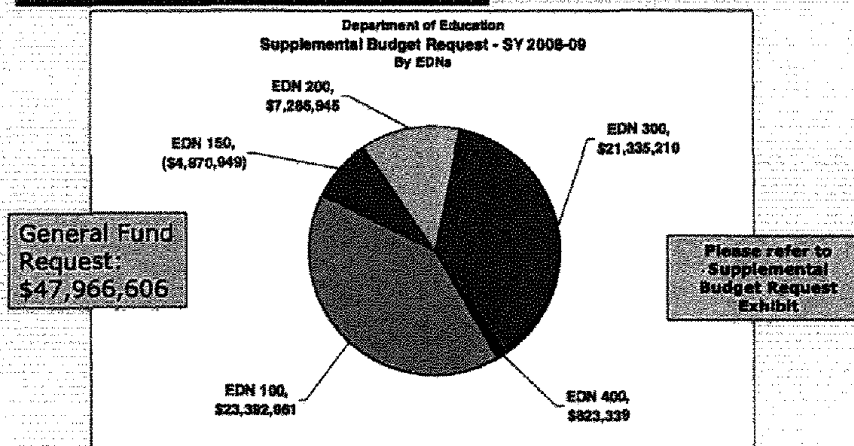
** Per telephone conversation with agency, concurrence that the grant does not meet criteria of being necessary for public health & safety or other critical need.

NOTE: BOE has approved a listing of the top CIP projects to be requested for funding for FY 08 within B&P's ceiling of \$154 million of the \$345 million appropriated.

43



Update on DOE's Supplemental Operating Budget Request



Negative amount primarily due to transfer of funds from EDN 150 to EDN 300 for recruitment and retention incentives.

44



Update on DOE's Supplemental Operating Budget Request (Continued)

- The Governor's Decisions
 - Funded none of the DOE's requests for increases
 - Approved the housekeeping requests
 - Transferred \$50,000 for the Charter School Review Panel to CSAO from BOE (Act 115/07 transferred operations)
 - Increased Social Security/Medicare requirement - \$9,552,996

45



Update on DOE's Supplemental Operating Budget Request (Continued)

- Increased Pension Accumulation requirement - \$62,687,846
- Decreased Debt Service - (\$2,964,749)
- Increased Trust Funds expenditure ceiling

46



Update on DOE's Supplemental Operating Budget Request (Continued)

- OFS Needs – Supplemental Budget
 - Positions (5 FTE) and funds (\$351,684) for contract specialists in the Procurement and Contracts Branch
 - Positions (10 FTE) and funds (\$345,904) for Payroll and Vendor Payment pre-audit clerks in Administrative Services Branch
- OFS Needs – Next Biennium Budget
 - FMS and payroll system development funds

47



Conclusion/Questions?

- CFO Learning Curve
- OFS management/employee challenges
- Continued support to the schools, complex areas, and offices
- Reviewing automation requirements
- Continued improvements in transparency and accountability
- Progress is occurring; sense of urgency

48



Conclusion/Questions?

- "Peeling back the onion"
 - If it was easy, it would have already been done
 - It will not happen overnight
- Thank you for your generous and continued support of the DOE!