

**Date:** 02/17/2010

**Committee:** House Education

**Department:** Education

**Person Testifying:** Kathryn Matayoshi, Interim Superintendent of Education

**Title of Resolution:** HCR 56 Requesting a Financial and Management Audit of the DOE

**Purpose of Resolution:** Requesting a Financial and Management Audit of the DOE

**Department's Position:** The Department has no position on HCR 56. However, if passed, the Department will support this decision and will provide the Auditor all information required to perform this audit.

1. OMB Circular A-133 requires the Department to have a single audit performed each year. Since FY 1992, DAGS has contracted the Departments annual financial and single audits at a cost of \$300,000 per year. For the FY 2007 thru 2009, the State Auditor's office contracted the auditors for the Department and the cost had risen to twice the amount.

2. HRS 40-83 requires that "the controller shall cause to be examined and audited books of accounts kept by any public school in connection with school fees and all other moneys collected by these schools." Since 2001, over 358 Local School Fund Audits have been performed by the DAGs Audit Division and the Department's Internal Audit office.

3. The Department continues to have numerous audits and reviews performed from Federal as well as State agencies. Some of these include the over 71 audits since 1984 by the State Auditor,

over 10 program and fiscal management evaluations of the Office of Hawaii Child Nutrition programs by the Western Regional Office of the USDA, numerous audits of the USDOE on various federal programs in OCISS (Office of Curriculum Instruction and Support Section), and over 33 program and fiscal evaluations performed by the Systems Accountability Office, System Planning and Improvement Section, as directed by the Board of Education.

4. The Department has always welcomed independent audits by the State Auditor. As evidenced by the DOE's written responses to the latest rounds of audit reports, DOE leadership has shown its commitment to promoting excellence in Hawaii's public school system and has advocated that independent audits are key components of accountability and public transparency.

Representative Roy M. Takumi - Chair  
Representative Lyla B. Berg – Vice Chair  
House Committee on Education

Winton G. Schoneman, 486-9269 (H)

Monday; February 8, 2010

In support of House Resolution 56 – Relating to Financial and Management Audit of the Dept of Education

Distinguished members of the House Education Committee, I request that you consider my written testimony in support of House Resolution 56 – Requesting a financial and management audit of the Department of Education. I support this measure as for two reasons. First, is that it is unlikely that improvements can be made within the department without objective analysis of operations. Second, is that the public requires assurance that operations are efficient and that public funds are well spent before taxes and fees are increased to support education during these challenging economic times.

I have been involved in the school improvement process since the inception of Act 51. It is apparent to me that the department of education at both the school level and at the department level greatly fears evaluation. During my first couple of years as SCC chair at Kamiloiki Elementary School, I sought to implement a system of “peer review” as a means of instructional improvement. This was presented to the faculty during a faculty meeting and was met with great fear and resistance. Yet, my experiences as an instructor and supervisor for nuclear power plant operators consistently showed me how objective, regular evaluations, both from peers and from outside agencies, can lead to demonstrative improvements when accepted at face value and acted upon appropriately.

Further, we are under great pressure to increase funding for our public schools. It is presumed, that increased funding will have a positive impact on and better results in instruction. It is my impression that the state is currently funding instruction whose costs are on par with Hawaii’s private schools. Unfortunately, academic results are not on par with Hawaii’s private schools. Before funding is restored a complete objective review of the Department of Education’s funding, structure and operations is in order.

**In conclusion, I believe that the costs associated with the implementation of House Resolution 56 will be money well spent and HCR56 should be passed.**

“You can’t get to where you want to be without knowing where you are”.

Thank you,

Winton Schoneman