

SCR125

Date: 03/17/2010

Committee: Senate Education and Housing

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Resolution: SCR 125 REQUESTING A MANAGEMENT AUDIT OF THE DEPARTMENT OF EDUCATION.

Purpose of Resolution: REQUESTING A MANAGEMENT AUDIT OF THE DEPARTMENT OF EDUCATION.

Department's Position: The Department has no position on SCR125. 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. A management audit, depending on the depth of the scope, would easily cost over a million dollars plus.

The Department has no funds to pay for this audit. In addition, the House Finance budget for the DOE has been reduced an additional \$81 million statewide.

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, and numerous audits of the USDOE on various federal programs in OCISS (Office of Curriculum Instruction and Support Section).

4. In August 2006, the Board of Education passed policy 1200-1.17 “Department of Education Program Evaluations” which requires a program and fiscal evaluation of programs (i.e. Program IDs, which are the DOE’s most detailed level of program category) at least once every five years. Beginning in December 2006, the Board approved the use of discretionary federal funds (excess Impact Aid or Department of Defense) to provide staffing to carry out the evaluations. The staff of four analysts were hired beginning June 2007. To date, 36 in-depth program and fiscal evaluations and 81 desk reviews have been completed and presented to the Board; there are an additional 12 desk reviews completed and awaiting presentation to BOE. In process are 3 in-depth program and fiscal evaluations and 41 desk reviews are scheduled to be completed within the next 5-6 months. Reports from the program evaluation staff can be viewed at <http://sao.k12.hi.us/planning/programevals>.