

Date: 02/14/2011

Committee: House Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Resolution: HR 029(HCR 34) REQUESTING A FINANCIAL AND MANAGEMENT AUDIT OF THE DEPARTMENT OF EDUCATION.

Purpose of Resolution: Requesting a Financial and Management Audit of the Department of Education

Department's Position: The Department has no position on HR 29 / HCR 34. However, if it is passed, the Department will support this decision and assist the Auditor by providing 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 2010 thru 2012, the State Auditor's Office contracted the auditors for the Department and the cost is currently \$365,000 per year.
2. HRS 40-83 requires that "the comptroller 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 377 Local School Fund Audits (LSF) have been performed by 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 73 audits since 1984 by the State Auditor, over 25 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 Student Support), and over 159 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.



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THE HOUSE OF REPRESENTATIVES THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF 2011

Committee on Education Testimony in Support of HR 29/HCR34 Requesting A Financial And Management Audit of the Department of Education

**Monday, February 14, 2011, 2:05 P.M.
Conference Room 309**

Chair Takumi and Members of the Committee:

I am Louis Erteschik, Staff Attorney at the Hawaii Disability Rights Center, and am testifying in support of these measures.

The purpose of these Resolutions is to request that the Legislative Auditor perform a financial and management audit of the Department of Education.

We strongly support this effort and request that the audit be expanded to encompass the special education programs of the DOE. Our experience with them has been abysmal.

In general, Hawaii ranks at the bottom of the country in terms of the quality and quantity of its special education. It ends secondary education and special education earlier than 48 states and denies meaningful vocational training for older students. Its special education achievement levels rank 49th among the states. Hawaii ranks third per capita in the number of special education due process cases filed.

As has been the habit of state government in Hawaii, it frequently requires court action to force the appropriate corrective action that the law requires. Such was the case with

the Felix consent decree. And, unfortunately, as is also the pattern, as soon as the consent decrees are lifted or their timeline has passed, the state retreats from its commitments and “backslides” into failure. As has been documented recently in the Star Advertiser, that is exactly what has occurred with regard to the Felix consent decree.

The state’s “post Felix decree” efforts have been so poor that if it was sufficiently appropriate for a federal court to have oversight over the special education system for so many years, it certainly is appropriate for the Legislative Auditor to examine where we are now in terms of the state’s efforts to provide federally required education to its most vulnerable population. The cost of the DOE’s continued resistance to offering a free appropriate public education to students with disabilities has been enormous over the years (Mainland placements, attorney’s fees, and other litigation expenses), and the Auditor should report to the Legislature on the matter.

Thank you for the opportunity to testify in support of these measures.