

HB1352 HD1

Measure Title: RELATING TO THE DEPARTMENT OF EDUCATION.

Report Title: Department of Education; Comprehensive Financial, Management, and Program Audit (\$)

Description: Requires the Auditor to conduct a comprehensive financial, management, and program audit of the Department of Education. Appropriates funds. (HB1352 HD1)

Package: None

Current Referral: EDU, WAM

Introducer(s): MIZUNO, CACHOLA, EVANS, LUKE, MORIKAWA, SAIKI

<u>Sort by Date</u>		Status Text
1/29/2015	H	Introduced and Passed First Reading
2/2/2015	H	Referred to EDN, FIN, referral sheet 6
2/18/2015	H	Re-referred to FIN, referral sheet 20
2/27/2015	H	Bill scheduled to be heard by FIN on Wednesday, 03-04-15 11:00AM in House conference room 308.
3/4/2015	H	The committees on FIN recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 15 Ayes: Representative(s) Luke, Nishimoto, Cachola, Cullen, DeCoite, Johanson, Jordan, Keohokalole, Kobayashi, Lowen, Onishi, Tokioka, Yamashita, Pouha, Ward; Ayes with reservations: none; 0 Noes: none; and 0 Excused: none.
3/6/2015	H	Reported from FIN (Stand. Com. Rep. No. 631) as amended in HD 1, recommending passage on Second Reading and placement on the calendar for Third Reading.
3/6/2015	H	Passed Second Reading as amended in HD 1; placed on the calendar for Third Reading with Representative(s) Jordan voting aye with reservations; none voting no (0) and Representative(s) Ing excused (1).
3/10/2015	H	Passed Third Reading with Representative(s) Jordan voting aye with reservations; none voting no (0) and none excused (0). Transmitted to Senate.
3/12/2015	S	Received from House (Hse. Com. No. 311).
3/12/2015	S	Passed First Reading.
3/12/2015	S	Referred to EDU, WAM.
3/23/2015	S	The committee(s) on EDU has scheduled a public hearing on 03-25-15 1:30PM in conference room 229.

Written Only

DAVID Y. IGE
GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/25/2015

Time: 01:30 PM

Location: 229

Committee: Senate Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 1352, HD1 RELATING TO THE DEPARTMENT OF EDUCATION.

Purpose of Bill: Requires the Auditor to conduct a comprehensive financial, management, and program audit of the Department of Education. Appropriates funds. (HB1352 HD1)

Department's Position:

The Department of Education (Department) would like to provide comment on HB1352 HD1 by informing the committee of the oversight structure and current audit activities already in place:

The Department takes its responsibilities very seriously, and the Board of Education (BOE) as the governing body over the Department, shares that sentiment. For example, the BOE has created an Audit Committee as a standing committee of the BOE. The Internal Audit Office has performed a department-wide risk assessment and high risk areas were placed into an **Internal Audit Plan**. This plan is presented to the Audit Committee for approval. To date, ten (10) **audits/reviews** have been performed, with three (3) currently in progress.

In addition, there are several **management, financial, compliance, and other audits and reviews** that are conducted throughout each year over the processes in various offices of the Department, of which some are listed below:

- The Department is required by OMB Circular A-133 to have an annual **single audit**, as we expend over \$500,000 of federal funds each year (\$750K effective January 1, 2015.) In addition, a **financial audit** is done at the same time each year, both performed by an external CPA firm contracted by the State Auditor's Office. The current

contract for the FYE 2014 combined audit is \$385,000.00.

- Section 40-83, Hawaii Revised Statutes 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 494 **Local School Fund (LSF) Audits** have been performed by the DAGS Audit Division and the Department's Internal Audit Office.
- The Department continues to have numerous audits and reviews performed from Federal as well as State agencies. Some of these include: a) 87 **management audits, program audits, studies, reviews, assessments, evaluations, performance audits,** etc. since 1984 by the **State Auditor**, b) 24 **program and fiscal management evaluations** of the Office of Hawaii Child Nutrition Programs by the Western Regional Office of the **USDA**, c) 23 **numerous audits of various federal programs** in the Office of Curriculum, Instruction and Student Support (OCISS) by the **USDOE and various CPA firms**, and d) 184 **program and fiscal evaluations** performed by the System Planning and Improvement Section of the **Systems Accountability Office**, as directed by the Board of Education.
- The Department has also self-initiated several **program audits, fiscal accountability studies, and program evaluations** from 2003. Various auditors such as Grant Thornton; N & K CPAs; Pricewaterhouse; Deloitte & Touche LLP; Accuity; and KMH LLP were contracted.

DOE leadership has shown its commitment to promoting excellence in Hawaii's public school system and is committed to making improvements and addressing the recommendations of the audits that have already been conducted.

From: mailinglist@capitol.hawaii.gov
To: [EDU Testimony](#)
Cc:
Subject: Submitted testimony for HB1352 on Mar 25, 2015 13:30PM
Date: Monday, March 23, 2015 2:46:30 PM

HB1352

Submitted on: 3/23/2015

Testimony for EDU on Mar 25, 2015 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth R. Conklin, Ph.D.	Individual	Support	No

Comments: Yes! Please do the audit as described in the bill.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [EDU Testimony](#)
Cc:
Subject: Submitted testimony for HB1352 on Mar 25, 2015 13:30PM
Date: Monday, March 23, 2015 8:56:40 PM

HB1352

Submitted on: 3/23/2015

Testimony for EDU on Mar 25, 2015 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Redfeather	Individual	Support	No

Comments: To my knowledge the DOE has never been audited. Helping the department find it's weaknesses and providing solutions, or looking at reallocation of public dollars for 21st Century programs just makes sense. Money tends to flow in the same direction unless that direction is questioned. Since the DOE budget is so tight, and there is not enough money for paper and pencils for the children, maybe it's time to take a look at how money is being spent.

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**TESTIMONY IN STRONG SUPPORT OF HB1352 HD1
RELATING TO THE DEPARTMENT OF EDUCATION**

TO THE SENATE COMMITTEE ON EDUCATION

Hawai'i State Capitol,
Conference room 229
March 25, 2015
1:30PM

Aloha Chair Kidani, Vice Chair Harimoto, and Members of the Committee,


Thank you for the opportunity to testify in strong support of HB1352 HD1 which will require the Auditor to conduct a comprehensive financial, management, and program audit of the Department of Education (DOE).

The Maui Chamber of Commerce believes in creating a strong economic environment that supports job growth while also protecting our environment and preserving our quality of life. We support the "triple bottom-line" view of sustainability: economy, environment and social well-being. We have approximately 600 members, 95% of whom are small businesses with 25 or fewer employees.

Our educational system is and has been a top priority for the Maui Chamber of Commerce for the last five years, as we feel the system in Hawai'i is very top heavy. The Department of Education is spending a great deal, and we are not seeing appropriate results. Education Week's Quality Counts 2014 State Report Card gives Hawai'i a C+ with a score of 77.3 which is equal to the national average. The State Data Lab report for 2011 notes that Hawai'i spends \$13,045 per pupil in total expenditures in public schools, yet instruction expenditures per pupil is only \$6,919. A DOE audit will help us get a handle on spending and allow us to better focus on providing a quality education.

Thank you for the opportunity to testify in support of HB1352 HD1.

Sincerely,


Pamela Tumpap
President

From: mailinglist@capitol.hawaii.gov
To: [EDU Testimony](#)
Cc:
Subject: Submitted testimony for HB1352 on Mar 25, 2015 13:30PM
Date: Wednesday, March 25, 2015 9:14:47 AM

HB1352

Submitted on: 3/25/2015

Testimony for EDU on Mar 25, 2015 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Danielle Bergan	Individual	Support	No

Comments: Aloha, I support of HB1352 HD1 to provide a better education system in Hawaii, ensure transparency and accountability for our statewide Department of Education and to save taxpayer costs. Thank you, Danielle Bergan

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