



# 2004 Education Audit

## A REVIEW OF THE STATE DEPARTMENT OF EDUCATION AND ISSUES OF EFFICIENCY AND ACCOUNTABILITY IN K-12 EDUCATION

The May 2004 report on the State Department of Education (SDE) reviewed SDE's operational expenditures to identify cost savings and examined other issues relating to efficiency and accountability of the state's expenditures for K-12 education. These issues included testing and assistance offered to schools that need improvement. We reviewed some issues not under the direct control of SDE, such as salary supplements for national-board-certified teachers.

## ISSUES OF EFFICIENCY AND ACCOUNTABILITY RELATING TO SCHOOL DISTRICTS

The September 2004 report considered issues related to the state's 85 school districts, including accountability for school district performance and consolidation of districts and district funding.

WE EXAMINED THE IMPLEMENTATION OF THE RECOMMENDATIONS IN BOTH REPORTS IN THIS FOLLOW-UP REVIEW.

NOVEMBER 2006

In our 2004 reports on the State Department of Education we made recommendations to SDE and to the General Assembly. In our follow-up we found that the department had implemented more than half of our recommendations, achieving significant savings. The General Assembly implemented two recommendations to increase the efficiency of South Carolina's testing program and one to create administrative savings for all state agencies by enacting lodging limits for state employees.

STATUS OF LAC RECOMMENDATIONS		
	MADE	IMPLEMENTED
Legislative	13	3 (23%)
Agency	28	18 (64%)
TOTAL	41	21 (51%)

## ADMINISTRATIVE COST SAVINGS

SDE has implemented several of our recommendations pertaining to operational cost savings, allowing it to obtain significant savings. SDE adopted the federal lodging rates as agency policy in 2005, prior to the General Assembly's adopting them for all state agencies in 2006. SDE also reconsidered the amounts it spent on meals and lodging for nonstate employees attending SDE events, achieving savings in nonstate employee travel and catered meals. SDE also eliminated meals for one-day trips as recommended and implemented our recommendation about tightening its cell phone policy, resulting in reduced cell phone expenditures. SDE has limited the individual memberships that are funded by the agency. In 2006 SDE began obtaining savings from use of the state mail services contract, as recommended in our report. Estimated annual operational savings are listed below. We noted that SDE could still obtain additional savings. For example, our limited sample of catered meal expenses found that SDE has often not complied with its policy to eliminate snacks from event expenditures.

SDE ANNUAL SAVINGS FROM LAC RECOMMENDATIONS	
CATEGORY	AMOUNT
Employee Lodging	\$61,000
Nonstate Employee Travel	\$1,109,000
Catered Meals	\$432,000
One-Day Meals	\$2,000
Cell Phone Expenditures	\$20,000
Mail Service Contract	\$8,500
Agency Memberships	\$27,000

## CHANGES IN TESTING

WE REVIEWED INFORMATION FROM THE STATE DEPARTMENT OF EDUCATION AND INTERVIEWED OFFICIALS REGARDING THE IMPLEMENTATION OF OUR RECOMMENDATIONS. WE ALSO CONDUCTED LIMITED SAMPLES OF EXPENDITURES FOR LODGING, CATERED MEALS, AND MEMBERSHIPS. WE VERIFIED EVIDENCE SUPPORTING THE DEPARTMENT'S INFORMATION AS APPROPRIATE.

### FOR MORE INFORMATION

Our full reports, summaries, and this document are published on the Internet at

LAC.SC.GOV

Copies can also be obtained by calling

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The General Assembly and SDE have made changes in the state testing program that have improved efficiency. The General Assembly enacted Act 254 in 2006 which implemented the following recommendations in our audit:

- Reduced number of science and social studies tests for students in grades 3–8 by using a sampling system.
- Made high school testing system more efficient by reducing duplicative testing, limiting the exit exam to English/ language arts and math, and consolidating end-of-course science tests.
- Eliminated requirement for the state to use a norm-based test, as the purpose of this testing is now fulfilled by the federal National Assessment of Educational Progress (NAEP).

The estimated savings from these recommendations are approximately \$3.8 million in one-time and \$4.75 million in annual operating savings. In addition, SDE improved its policy for handling breaches of testing security as we recommended. However, SDE has not implemented our recommendation for the agency to develop information on the cost per item for state-mandated assessments.

## OTHER CHANGES

We found that SDE has enacted an agreement with the Southern Association of Colleges and Schools (SACS) to reduce the state's role in accrediting schools already accredited by SACS. This agreement to eliminate duplication is still in the process of implementation. However, SDE has already reduced the expenses of its accreditation unit by \$280,000 annually. SDE also changed the reporting of its internal audit staff to strengthen its independence. Regarding SDE's intervention and assistance programs for low performing schools, we found that the department did not implement appropriate measures to evaluate each of the parts of its overall program or to improve controls over the programs. However, beginning in FY 06-07, the General Assembly has changed these programs through proviso 1A:44 in the FY 06-07 appropriations act. The local school districts will now be responsible for selecting and implementing their own intervention and assistance programs, which will make the evaluation of individual assistance programs even more complex.

## OTHER RECOMMENDATIONS NOT IMPLEMENTED

The General Assembly has not implemented our recommendations regarding limiting or changing the state salary supplements for national-board-certified teachers or implementing appropriate controls over applicant submissions. Neither has the General Assembly implemented a process for individual school districts to be reviewed for efficient financial management, established school funding flexibility provisions into permanent law, nor enacted our recommendation to eliminate duplication between the SDE and the Education Oversight Committee in performing statistical analysis on state test items. SDE has not implemented our recommendations for the agency to improve its reporting and communication of measures for student learning, to appropriately procure contractual services for leadership training, or to consolidate its cell phone billing.