



ERNEST A. ALMONTE, CPA, CFE  
AUDITOR GENERAL  
EALMONTE@OAG.STATE.RI.US

STATE OF RHODE ISLAND - GENERAL ASSEMBLY

OFFICE of the AUDITOR GENERAL

# AUDIT SUMMARY

INTEGRITY ♦ RELIABILITY ♦ INDEPENDENCE ♦ ACCOUNTABILITY

APRIL 2003

## RHODE ISLAND DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

PERFORMANCE AUDIT

We conducted a performance audit of the Rhode Island Department of Elementary and Secondary Education (RIDE) which has the responsibility to perform various financial, technical, and instructional support functions to Rhode Island school districts. An eleven member Board of Regents governs the Department. The department's fiscal 2002 operating budget was \$843 million of which most is spent in direct financial support to local school districts. Our audit focused on evaluating the practices and procedures employed by RIDE in administering its operations and financial matters.

RIDE collects information on student achievement by grade level on state tests, but the current system does not allow RIDE to collect certain types of information on the performance of *individual students*. As a result, RIDE cannot identify students who move from district to district or from school to school, and cannot track individual student achievement over time. RIDE should adopt a statewide student identifier. This can assist in building a database that provides information about student growth over time. This can be linked with the teachers, programs and schools that have served these students.

Through RIDE, the state provides significant operating aid to local school districts. The total amount of this assistance has increased from nearly

\$382 million in fiscal 1995 to over \$609 million in fiscal 2002. The responsibility for calculating and processing payments to the local school districts is assigned to a single employee at RIDE. There are no written policies and procedures to guide this effort, nor is there any internal review of the accuracy of the work.

Charter schools are public schools authorized by the state to operate independently from many state and local rules and regulations, thereby providing the ability to pursue innovative educational programs and meet specific student achievement goals. The Board of Regents can grant charters for up to five years, renewable for additional five-year periods. The funding formula for operating charter schools is based on the per pupil cost of the district sending the student to the school, and the percentage of state reimbursement for that district. The State should determine

whether it should continue to fund charter schools under the present methodology, which results in funding students attending charter schools while maintaining the funding level of the local district sending the students to the charter schools.

Locating a suitable facility to house the charter school is a critical and often the most difficult requirement for applicants to meet. In addition, the cost of a facility is a significant component of a charter school's operations. RIDE should withhold approval of a charter school application until the applicant identifies a suitable facility.

In addition to its full-time employees, RIDE also hires temporary employees. During fiscal 2002, RIDE engaged 61 temporary employees at hourly rates ranging from \$9.00 for clerical positions to \$165 for administering a professional examination. RIDE should process

### Audit Highlights

- Adopt a statewide student identifier to track individual student achievement over time.
- Implement policies and procedures to guide the payment of state aid to local school districts.
- Assess the funding structure for charter schools which results in funding students attending charter schools while maintaining the funding level to local districts.
- Seek legislation to permit expansion of the number of charter schools currently allowed by the General Laws.
- Seek legislation to require criminal background checks over the span of teacher's career rather than just upon application for a teaching position.

these hirings through the state Division of Personnel to ensure that the wages paid are consistent with what other state agencies are offering. Also, 26 of the 61 temporary employees had been at the department for longer than one year; 17 of these were professional employees. This could place the state at risk if these individuals were to claim parity with full time state employees for receiving benefits such as longevity pay, medical coverage, and pension credits. The collective bargaining agreement between RIDE and the union representing professional employees already provides temporary professional personnel employed for more than six months with one sick day for each month worked.

RIDE paid compensation in excess of \$20,000 annually to 16 temporary employees in both fiscal 2001 and 2002. State law requires public solicitations for consultant services reasonably expected to exceed \$20,000. RIDE should comply with the law by referring to the Division of Purchases those consultant positions that are long-term in nature so that the division can publicly request letters of interest from qualified vendors, or competitive bids as appropriate.

The General Laws require that all personnel in an educational position be properly certified. Our review of 48 teacher files disclosed one exception involving a teacher who taught preschool special needs students for a period of 4 years without the required early childhood teaching certificate. We found two additional exceptions involving teachers who did not take the required National Teaching Examination.

Individuals seeking employment with a local school district or private school are required, with certain exceptions, to undergo a national and state criminal background check. The statute currently requires a background check only when an applicant first applies for a teaching position. The statute should be revised to allow for more frequent background checks over the span of the teacher's career to ensure that RIDE and the local district are aware of any criminal activity which may disqualify a person from being employed as a teacher.

RIDE is responsible for supporting the infrastructure of state-owned educational facilities that house locally operated career and technical schools. We noted that some projects take several years to complete, sometimes due to changes in the scope of the activity. However, we believe that some of these delays are due to the lengthy process required to conduct these projects and the lack of sufficient resources at RIDE available to accomplish this work on a steady and deliberative basis. The department should consider transferring this function to its Office of Finance, since some of the procedures required are already routed through that office. Long-term, the department should also consider transferring responsibility for this entire area to local districts, which could utilize bond funds or capital reserve funds to finance these projects. The state would reimburse these costs through the housing aid program.

Other recommendations address the organization of the department, procurement of goods and services, asset protection, expenditures for food, the internal duplication service, and the audit guide for local school districts.

The report cites various achievements of the department, including its strategy for system-wide restructuring of the state's public schools, public information on the finances and educational performance of each school district, and peer educator visits to schools as part of the school improvement process.

*Copies of this report can be obtained by calling 222-2435 or by visiting our website at [www.oag.state.ri.us](http://www.oag.state.ri.us).*