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We have completed an audit of the Department of Education. This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions. The results of our audit, including findings, conclusions, recommendations, and the Department's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Department of Education for their assistance during the audit.

Respectfully presented,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA  
Legislative Auditor

August 11, 2006  
Carson City, Nevada

STATE OF NEVADA  
DEPARTMENT OF EDUCATION

AUDIT REPORT

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# **EXECUTIVE SUMMARY**

## **DEPARTMENT OF EDUCATION**

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### **Background**

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The purpose of the State Board of Education is to be an advocate and visionary for all children and to set policy that allows all children equal access to educational services. In addition, the Board is to provide a vision for a premier educational system and works in partnership with other stakeholders to ensure high levels of success for all in terms of job readiness, graduation, ability to be lifelong learners, problem solvers, citizens able to adapt to a changing world, and contributing members of society.

The Department of Education was created in 1956 to execute the policy set forth by the Board. The Superintendent of Public Instruction is hired by the Board and serves as the Chief Executive Officer of the Department of Education. The Department is responsible for statutory compliance, implementing Board policy, and administering state and federal educational programs. In addition, the Department provides consultation, technical assistance, and training to elementary and secondary schools.

During fiscal year 2005, there were over 400,000 K-12 students in the State, an increase of nearly 18% from fiscal year 2001. In addition, the Department had expenditures and revenues of approximately \$1.2 billion, which includes over \$900 million in aid to schools through the Distributive School Account. Over 80% of all revenues for the Department are from state funds. Federal programs and grants, fees, penalties, and tobacco settlement funds make up the balance.

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### **Purpose**

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The purpose of this audit was to assess the Department's efforts to: ensure the accuracy and reliability of data; comply with pertinent state and federal laws, rules,

## EXECUTIVE SUMMARY

### DEPARTMENT OF EDUCATION

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regulations, and guidelines; and monitor certain educational programs. This audit included a review of the Department's administration of teacher signing bonuses, retirement credits, class-size reduction program, annual district reports, and student counts. In addition, our review included the Department's contracting and teacher license revocation processes, special appropriations, and certain state and federal programs. Our audit focused on the 18 months ending December 31, 2004.

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## Results in Brief

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The Department of Education could improve several of its functions, processes, and controls. Although it carries out many responsibilities effectively, the Department did not always ensure the accuracy and reliability of data it receives from school districts. For example, the Department does not verify information from individual districts regarding class-size reduction efforts. Further, weaknesses allowed non-compliance with some state and federal laws, rules, regulations and guidelines, and monitoring of certain educational programs needs to be improved. These weaknesses include a lack of documentation for teacher license revocations, and the state's special education due process hearings. The Department provides many services and functions for school districts and the Legislature. Not providing adequate control over these areas can impact the Department's ability to properly administer these needs of the State.

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## Principal Findings

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- The Department has established a process to reimburse districts for teacher signing bonuses. However, this process could be improved by requiring districts to submit reimbursement requests electronically to the Department. This would enable

## EXECUTIVE SUMMARY

### DEPARTMENT OF EDUCATION

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the Department to more efficiently review reimbursement requests. This would provide greater assurance that only eligible teachers receive the signing bonus and would help to ensure teachers only receive the signing bonus once. (page 11)

- The Department has not implemented processes over the retirement credit incentive program that ensure the districts receive their appropriate allocation and all eligible employees receive the credit. Based on our analysis of estimated costs to actual costs, we found the calculations completed by PERS varied from the amounts submitted to the Department of Education for reimbursement. As a result, some districts received less money than they should have, while other districts received more. In addition, four teachers' credits were not paid by their respective districts even though the Department had reimbursed the districts for the teachers. (page 12)
- Special funding has been appropriated to improve teacher retention and recruitment, purchase of textbooks, and to meet rising utility and health care costs. Although a process for allocating this special legislative funding has been developed, it has weaknesses that do not ensure the money allocated was needed or used for its specific purpose. The Department's current processes do not include detailed reporting and follow up to ensure the funding was used as intended. Strengthening existing reporting processes should provide the Department with greater assurance that recipients receive their entitled amount of special funding. (page 14)
- The Department is responsible for the monitoring of criminal and non-criminal teacher license revocations. However, the Department has not developed adequate policies and procedures to ensure cases are properly processed and documented. Furthermore, a system for monitoring criminal cases has not been implemented. (page 16)

## EXECUTIVE SUMMARY

### DEPARTMENT OF EDUCATION

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- Evaluations of pupils with disabilities and related special education and services are provided by school districts. If a parent of the pupil does not agree with the identification, evaluation, or educational placement of the pupil, the parent may request the Department to provide an impartial due process hearing. Although the Department has policies and procedures for special education due process hearings, they do not provide adequate detail to ensure this function is properly carried out and documented. Specifically, procedures lack detail on the random assignment of hearing and review officers, the evaluation of hearing and review officers, and controls to ensure hearing and review officer hourly costs are documented. (page 17)
- The Department provides district class-size reduction information to the Legislature, Department of Administration, and Legislative Counsel Bureau. However, the Department does not verify the reasonableness of some of the information received from districts. Further, the Department was unable to explain variances between district information and information contained in the class-sized reduction report and the Department's funding formula. Without validating and documenting class-size information, users do not have reasonable assurance of the accuracy of the reported information. (page 19)
- The Department did not conduct employee evaluations in accordance with state law. Our review of 50 personnel files found that 39 (78%), had not received an annual evaluation during the preceding year. Failure to conduct employee evaluations limits the Department's ability to ensure the quality of staff. (page 20)

## **EXECUTIVE SUMMARY**

### **DEPARTMENT OF EDUCATION**

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## **Recommendations**

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This report contains 10 recommendations to improve the Department's processes. This includes five recommendations to strengthen controls over teacher incentive programs and other special appropriations. In addition, we made two recommendations to improve the teacher license revocation process. We also included a recommendation to assist the Department with controls over the special education due process hearings. Furthermore, we made a recommendation to improve the reliability of the Department's class-size reduction information. Finally, we recommended that the Department complete annual evaluations of classified employees. (page 33)

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## **Agency Response**

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The Department, in its response to our report, accepted all ten recommendations. (page 29)

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# Introduction

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## Background

The State Board of Education is comprised of 10 members elected to 4-year terms. Its purpose is to be an advocate and visionary for all children and to set policy that allows every child equal access to educational services. In addition, the Board is to provide a vision for a premier educational system and works in partnership with other stakeholders to ensure high levels of success for all in terms of job readiness, graduation, ability to be lifelong learners, problem solvers, citizens able to adapt to a changing world, and contributing members of society.

The mission of the State Board is as follows:

**As the leader in education in Nevada, the State Board of Education is dedicated to ensuring that excellent educational opportunities are provided to all learners by sustaining a coherent, aligned system of instruction and support in partnership with stakeholders.**

The Department of Education was created in 1956 to execute the policy set forth by the Board. The Superintendent of Public Instruction is hired by the Board and serves as the Chief Executive Officer of the Department of Education. The Department is responsible for statutory compliance, implementing Board policy, and administering state and federal educational programs. In addition, the Department provides consultation, technical assistance, and training to elementary and secondary schools.

To meet its expectations, the Department of Education is organized into two divisions, under the direction of deputy superintendents. Under the leadership of the Deputy Superintendent of Instructional, Research and Evaluative Services are the following offices: Assessment, Program Accountability and Curriculum; Special Education, Elementary and Secondary Education and School Improvement Programs; Technology and Innovative Programs; Career, Technical and Adult Education; and Teacher Education and Licensure. Under the leadership of the Deputy Superintendent of Administrative and Fiscal Services are the following offices: Child Nutrition and School Health; Fiscal Accountability; and Fiscal Services. This office also administers

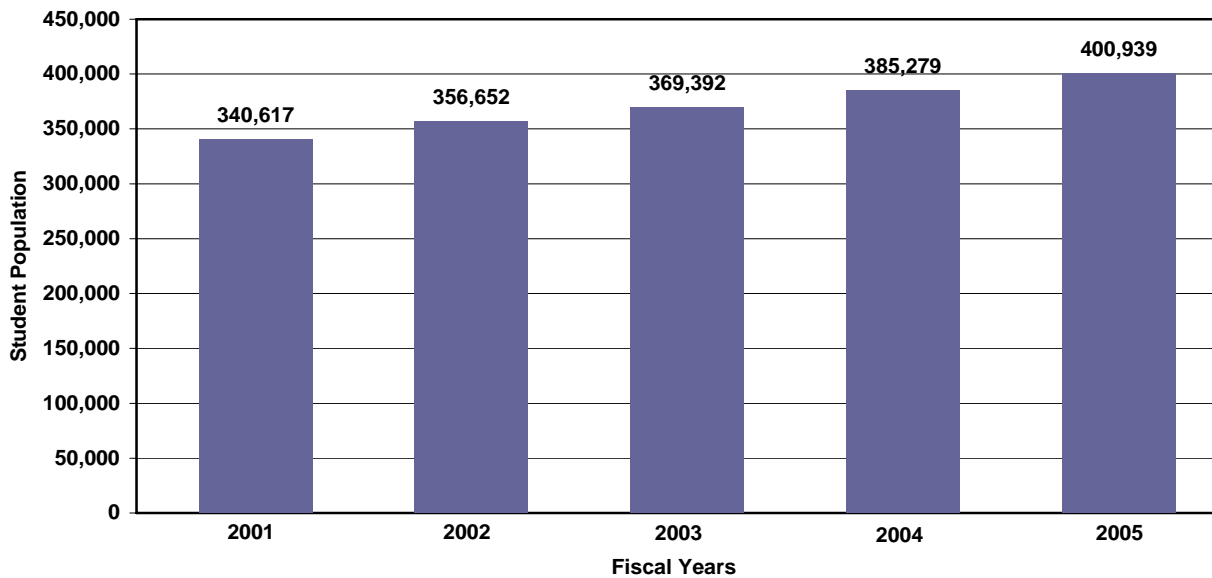


the Distributive School Account (DSA). Appendix C provides detail on the offices included under each Deputy Superintendent.

During fiscal year 2005, there were over 400,000 K-12 students in the State. The student enrollment in the State grew by nearly 18% between fiscal years 2001 and 2005. Appendix D shows enrollment growth by district for fiscal years 2001 to 2005. Exhibit 1 shows the statewide student enrollment growth over the past 5 fiscal years.

**Exhibit 1**

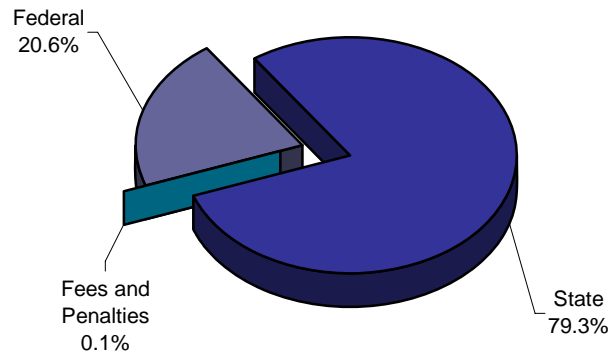
**Statewide Student Enrollment Growth  
Fiscal Years 2001 to 2005**



Source: Department of Education, NRS 387.303 reports.

The Department has offices in Carson City and Las Vegas. For fiscal year 2005, the Department had 136 full time equivalent positions. The Department had expenditures and revenues of approximately \$1.2 billion, including just more than \$900 million in aid to schools through the Distributive School Account in fiscal year 2005. Nearly 80% of all revenues for the Department are from state funds. Federal programs and grants, fees, and penalties make up the balance. Exhibit 2 shows the breakdown of revenues for the Department during fiscal year 2005.

**Revenue Sources  
Fiscal Year 2005**



Source: State Accounting System.

**Scope and Objectives**

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218.737 to 218.893. The Legislative Auditor conducts audits as part of the Legislature’s oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit included a review of the Department’s administration of teacher signing bonuses, retirement credits, class-size reduction program, annual district reports, and student counts. In addition, our review included the Department’s contracting and teacher license revocation processes, special appropriations, and certain state and federal programs. Our audit focused on the 18 months ending December 31, 2004. The objectives of our audit were to assess the Department’s efforts to:

- ensure the accuracy and reliability of data;
- comply with pertinent state and federal laws, rules, regulations, and guidelines; and
- monitor certain educational programs.

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## **Findings and Recommendations**

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The Department of Education could improve several of its functions, processes, and controls. Although it carries out many responsibilities effectively, the Department did not always ensure the accuracy and reliability of data it receives from school districts. For example, the Department does not verify information from individual districts regarding class-size reduction efforts. Further, weaknesses allowed non-compliance with some state and federal laws, rules, regulations and guidelines, and monitoring of certain educational programs needs to be improved. These weaknesses include a lack of documentation for teacher license revocations, and the state's special education due process hearings. The Department provides many services and functions for school districts and the Legislature. Not providing adequate control over these areas can impact the Department's ability to properly administer these needs of the State.

### **Better Control Over Special Legislative Funding Needed**

During the past several legislative sessions, the Legislature authorized additional funding to assist school districts in meeting their responsibilities. Special funding has been appropriated to improve teacher retention and recruitment, purchase of textbooks, and to meet rising utility and health care costs. Although generally used appropriately, the control over the issuance and accountability of special funding could be improved. Specifically, the Department has not implemented adequate controls and processes to ensure special appropriations for teacher signing bonuses, retirement credits, and other programs are equitably distributed and adequately safeguarded.

#### **Teacher Incentive Programs Have Weaknesses**

Nevada's population has grown at the highest rate in the nation over the past several years. To help address teacher shortages, the Legislature established incentive programs to assist school districts in the recruitment and retention of teachers. Although the teacher incentive programs have been in place for several years, the Department has not developed and implemented adequate policies and procedures to

provide reasonable assurance funds are safeguarded. These incentive programs include new teacher signing bonuses, and the purchase of retirement credits for teachers working in at-risk schools or hard-to-fill positions, such as special education, science, and math. School districts have expressed their support for continuation of these programs to assist them in meeting teacher staffing needs.

The 2001 Legislature appropriated \$10 million to provide new teachers with a signing bonus of up to \$2,000. The Legislature continued the program with appropriations of \$10 million during the 2003 Legislative Session. In addition, the 20<sup>th</sup> special session of the Legislature appropriated over \$15 million to purchase retirement credits for teachers in at-risk schools and in hard to fill positions, such as math, science, and special education. Exhibit 3 shows the number of teachers benefiting from the signing bonus and retirement credit, as well as the total expenditures for the programs in fiscal years 2002 through 2005.

**Exhibit 3**

**Teacher Incentive Programs  
Fiscal Years 2002 to 2005 Expenditures**

Fiscal Year	Signing Bonus		Retirement Credit		Total Incentive Program Expenditures
	Participants	Costs	Participants	Costs	
2002	2,402	\$ 4,804,000	N/A	N/A	\$ 4,804,000
2003	2,378	\$ 4,756,000	N/A	N/A	\$ 4,756,000
2004	2,299	\$ 4,598,000	2,476	\$ 2,689,206	\$ 7,287,206
2005	2,919	\$ 5,838,000 <sup>(1)</sup>	7,678	\$12,776,792	\$18,614,792
<b>Total</b>	<b>9,998</b>	<b>\$19,996,000</b>	<b>10,154</b>	<b>\$15,465,998</b>	<b>\$35,461,998</b>

Source: State Accounting System and Department of Education.

<sup>(1)</sup> Includes \$436,000 in special appropriations from the 2005 Legislature.

Furthermore, the 2005 Legislature has continued appropriations for both the teacher signing bonus and retirement credit programs. For fiscal years 2006 and 2007, the Legislature appropriated over \$66 million for the teacher signing bonus and retirement credit programs. Exhibit 4 shows the amount appropriated for each program in fiscal years 2006 and 2007.

**Teacher Incentive Programs  
Fiscal Years 2006 and 2007 Appropriations**

<b>Fiscal Year</b>	<b>Signing Bonus</b>	<b>Retirement Credit</b>	<b>Total</b>
2006	\$ 6,052,000	\$25,508,903	\$31,560,903
2007	\$ 6,354,000	\$28,197,051	\$34,551,051
<b>Total</b>	<b>\$12,406,000</b>	<b>\$53,705,954</b>	<b>\$66,111,954</b>

Source: Statutes of Nevada.

**Controls Over New Teacher Signing Bonus Program Could Be Improved**

The Department has established a process to reimburse districts for teacher signing bonuses. However, this process can be improved to provide greater assurance that resources are safeguarded. For example, the Department can implement processes to efficiently ensure only eligible teachers receive the signing bonus, and teachers only receive the signing bonus one time. We believe these improvements could be done with existing resources and will improve the efficiency of controls over the program.

Currently, the Department maintains all new teacher signing bonus information in paper files. As a result, the Department is unable to efficiently make comparisons from year to year to ensure individuals do not receive more than one signing bonus. We reviewed information on each of the 2,299 individuals who received the signing bonus in fiscal year 2004. We identified nine individuals who received the signing bonus in more than one year totaling \$18,000. Although a small percentage of the total processed, the use of paper files for monitoring the program limits the Department's effectiveness in ensuring individuals do not receive more than one signing bonus. However, by requiring school districts to submit information electronically, the Department could create a database to better ensure the eligibility of teachers and avoid teachers receiving more than one signing bonus.

The original bill which appropriated money for this program, Senate Bill 427 of the 2001 Legislature, states:

**A teacher who teaches for a school district in this state before the effective date of this act and who subsequently transfers to another school district in this state is not eligible to receive a signing bonus pursuant to this section.**

The Bill did not address teachers who quit and returned after the effective date of the Bill, so the Department made the decision to provide the signing bonus to all teachers hired, as long as they had at least 1 year of separated service from the State. We identified 115 teachers who received a total of \$230,000 in signing bonuses in fiscal year 2004 although they had previously taught in the State. During the 2005 Legislative Session, the Department requested and received an additional \$436,000 to cover new teacher signing bonuses above the \$10 million which had been appropriated for fiscal years 2004 and 2005. Although the Department's decision appears reasonable, it places an additional burden on the program that may not have been intended. The Department needs to ensure the decision to pay teachers with prior experience in the State a signing bonus, is in line with the intent of the funding.

Retirement Credit Processes Contain Weaknesses

During fiscal year 2004, the Department reimbursed the school districts for approximately 2,500 teachers for about 41% of the cost for purchasing the retirement credits. However, the Department has not implemented processes that ensure districts receive their appropriate allocation and all eligible employees receive the credit. Exhibit 5 shows the number of teachers in each district that participated in the program and the total amount each district received in fiscal year 2004.

**Exhibit 5**

**Retirement Credit Recipients by District  
Fiscal Year 2004**

	<b>Number of Teachers Participating</b>	<b>Amount Reimbursed</b>
Carson City	21	\$ 22,635.69
Clark	1,981	\$2,123,480.36
Douglas	3	\$ 3,667.15
Elko	57	\$ 61,856.08
Humboldt	15	\$ 19,800.92
Lincoln	7	\$ 8,475.44
Lyon	27	\$ 33,249.32
Mineral	8	\$ 9,537.08
Nye	34	\$ 37,684.22
Pershing	1	\$ 1,286.03
Washoe	306	\$ 349,168.42
White Pine	16	\$ 18,365.28
<b>Total</b>	<b>2,476</b>	<b>\$2,689,205.99</b>

Source: Department of Education.

The process used by the Department for reimbursing the school districts requires requests for reimbursements to be submitted in April of each year. School districts submit estimates of the teacher retirement credits. As such, the Department's reimbursement is based on estimates and not on the actual cost for the retirement credit. Each school district submits the names of individuals for which it will be purchasing retirement credits to the Public Employees' Retirement System (PERS). After submission, PERS recalculates the retirement cost of each participant and ensures their eligibility. Based on our analysis of estimated costs to actual costs, we found the calculations completed by PERS varied from the amounts submitted to the Department of Education for reimbursement. As a result, some districts received less money than they should have, while other districts received more. This occurs because the Department does not have a process to compare the amount charged to the district by PERS, with the amount the Department provided to each district. Appendix E contains a comparison for all districts based on the amount calculated by the Department and PERS.

In addition, the Department does not follow up with the Districts to ensure all eligible teachers receive the retirement credit. We identified four teachers who were eligible for the retirement credit, but their districts did not submit payment to PERS for the credit. According to PERS, none of these individuals received the credit for fiscal year 2004, because PERS never received payment from the district on the individual's behalf. For each of these teachers, the Department had reimbursed the individual school districts to pay for their retirement credit.

The Department reported being unable to base reimbursement on the actual cost of the retirement credits, because of when the actual costs are determined by PERS. PERS processes the majority of teacher retirement credits between June and August of each year. Because of the fiscal year ending on June 30<sup>th</sup> of each year, the Department typically reimburses the districts in May or June to help ensure the funding has been used before the end of the fiscal year. While the timing does make it difficult, it is important to ensure districts are reimbursed at the correct amount. In addition, with the increase in funding for the program for fiscal years 2006 and 2007, there is a greater need to ensure districts are accurately reimbursed. We discussed this issue with

Department management and they felt a possible solution would be to increase or reduce funding in subsequent years based on a review of the actual costs determined by PERS from the preceding year.

**Control Over Other Special Legislative Funding Could Be Improved**

During the 2001 and 2003 legislative sessions, the Legislature approved over \$171 million in special funding for school districts. Although a process for allocating other special legislative funding has been developed, it has weaknesses that do not ensure the money allocated was needed or used for its specific purpose. Exhibit 6 shows the special school funding appropriated during the 2001 and 2003 legislative sessions.

**Exhibit 6**

**Special Legislative Funding  
2001 and 2003**

<b>2001 Legislative Session and 17<sup>th</sup> Special Session</b>		
SB 8	Unbudgeted Energy Costs	\$ 6,500,000
SB 9	Programs at Risk of Termination	\$ 5,000,000
SB 587	Unexpected Employee Healthcare Costs	\$ 13,000,000
<b>Total 2001-2003 Biennium Special Legislative Funding</b>		<b>\$ 24,500,000</b>
<b>2003 Legislative Session and 19<sup>th</sup> and 20<sup>th</sup> Special Sessions</b>		
SB 1	Education Technology	\$ 9,950,000
SB 8	Funding for Textbooks and Instructional Supplies	\$131,150,000 <sup>(1)</sup>
AB 257	Unexpected Employee Healthcare Costs	\$ 5,800,000
<b>Total 2003-2005 Biennium Special Legislative Funding</b>		<b>\$146,900,000</b>
<b>Total Special Funding for 2001-2003 and 2003-2005 Bienniums</b>		<b>\$171,400,000</b>

Source: Statutes of Nevada.

<sup>(1)</sup> Funding for textbooks and instructional supplies was provided through the Distributive School Account.

The processing of special funding involves several entities, including the Department of Education, Legislative Counsel Bureau—Fiscal Analysis Division, and the Department of Administration. However, the Department has the responsibility of issuing and controlling the funding. Policies have been developed for the administration of the funding, but do not include processes to ensure the funding was properly used. In addition, the current expenditure reports do not contain adequate information for the



comparison of projected versus actual costs. Therefore, final reports on the use of special funding lack necessary information for comparisons between projected and actual costs, and have not been reviewed to ensure funding received was needed.

A recent legislative audit found a district received more funding for unanticipated energy costs than needed. Strengthening existing reporting processes should provide the Department with greater assurance that recipients receive their entitled amount of special funding. As the Legislature continues programs for the special funding, better control over funding is needed.

### **Recommendations**

1. Strengthen controls over the award of teacher signing bonuses.
2. Review adopted rules allowing teacher signing bonuses for individuals with previous teaching experience in the State.
3. Develop and implement controls over the processing, issuance, and follow-up of the retirement credit program to ensure reimbursements are based on actual costs.
4. Coordinate with other agencies to establish follow-up procedures to ensure money received is needed.
5. Revise expenditure reports to include information to facilitate analysis of projected and actual costs.

### **License Revocation Activities Not Always Documented**

Processes used by the Department for monitoring teacher license revocation do not ensure that all criminal and non-criminal complaints are processed. The State Board of Education has been given the authority to suspend or revoke teacher licenses through NRS 391. However, the Department has not developed policies and procedures for the teacher license revocation process, or established a tracking and monitoring system for criminal cases. Failure to adequately process revocation cases may allow individuals to continue teaching in Nevada or another state.

Non-criminal and criminal cases are monitored by different offices within the Department. Non-criminal cases are cases dealing with testing security. Criminal

cases deal with driving under the influence, theft, child pornography, child molestation and other sexual related crimes, drug related offenses, etc. The Department primarily relies on other entities, school districts and the media, to identify potential cases. A challenge facing the Department is the length of time it often takes for a case to be resolved in the court system.

### **Policies and Procedures Not Developed**

The Department has not adequately developed policies and procedures to help ensure cases are adequately monitored and documented. As such, files were not always complete for both criminal and non-criminal cases. For example, some files were missing information on the Deputy Attorney General, Superintendent, and State Board of Education's determinations.

Currently, the following process is informally followed for processing a potential revocation case:

1. Department is notified or finds out about a case involving a teacher in the State.
2. Department obtains evidence as available from the courts, school districts, etc.
3. Department forwards information to their Deputy Attorney General.
4. Deputy Attorney General counsels Superintendent of Public Instruction for what course of action to take.
5. Superintendent presents information to State Board of Education for revocation consideration.

Although, this process is generally followed, the Department lacks documented policies and procedures. Areas in which the process could be improved through the adoption of policies and procedures include:

- Notification to the Department of possible revocation issues;
- Investigation and documentation process, including file maintenance and follow-up;
- Documentation of cases forwarded to the Deputy Attorney General;
- Documentation of the decision by Superintendent for proceeding or not proceeding with a case;
- Documentation of results from the State Board of Education meeting; and

- Notification to staff responsible for monitoring revocation proceedings of State Board/Superintendent actions finalizing a case.

### **Monitoring System Not in Place**

While the Department has established a database for tracking non-criminal cases, the criminal cases have not been routinely monitored. Department staff responsible for the criminal revocations recently compiled a log for a State Board of Education meeting, but do not have an ongoing mechanism for monitoring cases. Without routine monitoring, it is difficult for the Department to know the status of criminal cases. A tracking system similar to the one used for non-criminal cases would help to ensure cases are processed timely.

The Department has developed a checklist to be used for non-criminal cases. However, for each of the seven non-criminal cases we reviewed, the checklist had not been completed. In addition, a checklist has not been developed or used for criminal cases.

### **Recommendations**

6. Develop case documentation procedures over the teacher license revocation process.
7. Establish a tracking system to monitor criminal case status.

### **Complete Policies and Procedures Needed for Special Education Due Process Hearings**

Evaluations of pupils with disabilities and related special education and services are provided by school districts. If a parent of the pupil does not agree with the identification, evaluation, or educational placement of the pupil, the parent may request the Department to provide an impartial due process hearing. Although the Department has policies and procedures for special education due process hearings, they do not provide adequate detail to ensure this function is properly carried out and documented. Specifically, procedures lack detail on the random assignment of hearing and review officers, the evaluation of hearing and review officers, and controls to ensure hearing and review officer hourly costs are documented.

To carry out this process, the Department has created a pool of qualified hearing and review officers over the past several years. This pool of officers includes: educators, attorneys, and other professionals trained in special education law. According to the Department, it follows federal regulations (34 CFR) over the assignment of special education hearing and review officers that requires the use of a random method. If the hearing or review officer is not selected on a random basis, then both parties must be involved in selecting the mediator and agree with the selection of the individual who will mediate.

When the parent of a pupil requests a due process hearing, the Department assigns a hearing officer who is paid by the district. When a hearing officer's decision is appealed, the case is then assigned a review officer who is paid by the State. The Department's policies and procedures discuss the responsibility of assigning hearing and review officers, but do not contain specific information on a random process. For example, the procedures simply state the Department will assign hearing and review officers, with no mention of how the process will be random or rotational. In addition, the procedures do not provide guidance to Department staff to ensure the adequate documentation of each hearing or review assignment.

The Department created its pool of qualified hearing and review officers through an informal process over the past several years. This has been done primarily using an informal evaluation of the hearing or review officers' work and the professional judgment of individuals with oversight in the program. Following an informal process increases the likelihood that one hearing or review officer may be evaluated differently than another hearing or review officer. The formalization of such methodologies should help the Department if the inclusion or removal of a hearing or review officer were challenged.

In addition, the Department did not maintain documentation on the hourly cost rates for specific hearing and review officers until we requested it during the course of audit work. The Department reported adopting a range of between \$70-120 an hour for hearing officers. However, this range has not been formally adopted into Department policy. Furthermore, the Department has not set a range for review officers, but allows

review officers to set a reasonable rate for conducting reviews. During fiscal year 2004, review officers charged the State between \$130-175 an hour.

Documentation of hourly rates is important to ensure hearing officers are charging districts the appropriate rates. For instance, during fiscal years 2003 and 2004, the Department assigned hearing officers to over 120 cases. In addition, during fiscal years 2003 and 2004, the Department approved payments to review officers of \$59,000 and \$39,000. Annual documentation of hearing and review officers' hourly rates are needed to ensure the districts and Department are paying individuals an agreed upon rate within an adopted range.

### **Recommendation**

8. Update policies and procedures governing special education hearing and review officer processes.

### **Class-size Reduction Information Could Be Improved**

The Department's controls over ensuring the reliability of class-size reduction information are limited. The Department does not verify the reasonableness of some of the information received from Nevada's school districts used to create statewide class-size reduction reports. Further, the Department was unable to explain variances between district information and the corresponding class-size information contained in the class-size reduction report and Department's funding formula. During fiscal year 2005, the Department used this funding formula to distribute \$117 million to Nevada's school districts. Without validating and documenting class-size information, users do not have reasonable assurance of the accuracy of the reported information.

Each year, the Department receives information from Nevada's 17 school districts on class-size reduction. This information is used to create a report on the status of class-size reduction efforts in the State. In developing the report, the Department only verifies the calculation of the student to teacher ratio, and not the accuracy of the reported student and teacher information. The student to teacher ratio is an important calculation that needs to be correct. However, if the underlying information is not accurate, the calculation may not be reasonable.

In addition, the Department has developed a funding formula as part of the Distributive School Account. This formula determines each district's class-size reduction requirements based on estimates of each districts' student enrollments, teachers, and targeted class-size ratios. However, the Department does not compare the number of class-size reduction teachers reported by each district, with the estimated number that was funded per Department calculations. For example in fiscal year 2005, one district reported 20 actual class-size reduction teachers, when the Department reported providing funding for 30 teachers. The Department was unsure of the cause of the variance.

The Department indicated it felt additional resources would be needed to perform these validity checks. However, we believe the reasonableness of class-size information can be accomplished with current resources and information. For example, the Department conducts enrollment audits each year that provide detailed information regarding individual class sizes within selected district schools. These audits could be used as a reasonableness check of the information received from school districts on class-size reduction.

### **Recommendation**

9. Implement controls to ensure the reasonableness of class-size reduction information.

### **Employee Evaluations Not Completed**

The Department did not conduct employee evaluations in accordance with state law. NRS 284.340 requires supervisors to prepare annual evaluations for employees in classified service who have attained permanent status. Employees on 12-month probation must be evaluated at the end of the 3<sup>rd</sup>, 7<sup>th</sup>, and 11<sup>th</sup> months. However, our review of 50 employee personnel files found 39 (78%) had not received an annual evaluation during the preceding year. In addition, more than half (56%) of the files we reviewed did not have evidence of evaluations ever being completed, and an additional six (12%) had not received evaluations in the past 5 years.

Failure to conduct annual evaluations limits the Department's ability to ensure the quality of staff. Employee evaluations serve several purposes: (1) recognize areas of

improvement that can increase the employee proficiency in doing assigned tasks; (2) clarify performance standards as they relate to the current job description; (3) help employees in developing additional knowledge, skills, and abilities for job advancement; (4) recognize exceptional performance; and (5) document shortcomings or substandard performance. Furthermore, if evaluations are not completed, the Department may lack evidence of unsatisfactory work for employee discipline purposes.

### **Recommendation**

10. Complete performance evaluations for classified employees in accordance with state law.

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# Appendices

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## Appendix A Audit Methodology

To gain an understanding of the Department of Education, we interviewed management and staff, reviewed applicable federal and state laws and regulations, and policies and procedures significant to the financial and administrative practices of the Department. We also reviewed legislative and executive budgets, legislative committee minutes, and interim finance committee minutes. In addition, we identified significant control structures relevant to the Department and reviewed the controls of these areas. Our review included the general control environment, financial environment, and programmatic areas.

To assess the Department's efforts to ensure the accuracy and reliability of data, we reviewed the methodology used for conducting student enrollment audits. In addition, we determined whether procedures were in place to ensure accurate data is received and reported in the annual NRS 387.303 reports. We also compared information in the teacher licensing database to source documents for accuracy. Furthermore, we verified the accuracy of class size reduction data received by the Department.

To document the Department's efforts to comply with pertinent state and federal laws, rules, regulations, and guidelines, we reviewed the Department's contract management processes. This review included the testing of 10 contracts for compliance with state law and interviewing staff of the Department and other state agencies. We also reviewed the processes implemented by the Department for selection, hiring, and monitoring of special education hearing and review officers. In addition, we verified the eligibility of all teachers receiving the new teacher signing bonus and 50 teachers receiving retirement credits in fiscal year 2004.

Further, we reviewed the Department's efforts to monitor teacher license revocations during fiscal years 2003 and 2004. The Department's efforts to control special state appropriations in compliance with intended purposes were reviewed for



2001 and 2003 Legislative Session. We also evaluated the technical assistance provided by the Department to the school districts for meeting Highly Qualified Teacher requirements. Finally, we tested a sample of 50 employees to determine if the Department is in compliance with state law regarding employee evaluations.

To assess the Department's efforts to monitor certain educational programs, we reviewed the Department's controls over funds for the child nutrition program. This review included determining the Department's ability to identify and rectify the misuse of funds in educational programs. In addition, we reviewed the Department's effort to limit the amount of federal dollars that go unused and are returned to the federal government. This was accomplished by reviewing the amount of unused federal money in fiscal years 2002 to 2005. We reviewed the causes of the unused money and the Department's efforts to minimize the amount of unused funds.

Our audit work was conducted from December 2004 through September 2005 in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Superintendent of Public Instruction. On July 31, 2006, we met with Department of Education officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix F, which begins on page 29.

Contributors to this report included:

Shawn Heusser  
Deputy Legislative Auditor

Timothy Brown, CPA  
Audit Supervisor

Eric Wormhoudt  
Deputy Legislative Auditor

Stephen M. Wood, CPA  
Chief Deputy Legislative Auditor

## **Appendix B**

### **Prior Audit Recommendations**

Our prior review of the Department of Education was in 1994. In addition, the Audit Division conducted an audit of instructional supplies in 2000 that included recommendations for the Department. These two audits contained nine recommendations. Two of the nine recommendations were within the scope of the current audit. As part of our audit, we assessed the implementation of the two recommendations and found they were fully implemented. These recommendations related to the process for reviewing annual report financial information submitted to the Department by the state's school districts.

**Appendix C**  
**Deputy Superintendents' Responsibilities**  
**Deputy Superintendent of Instructional, Research**  
**and Evaluation Services**

**Office of Assessment, Program Accountability, and Curriculum**

The Office of Assessment, Program Accountability and Curriculum develops and administers the state assessment and accountability system. The Office provides leadership for the implementation of school curriculum aligned to state content standards. The Office provides oversight to the state system of professional development designed to improve student learning.

**Office of Special Education, Elementary and Secondary Education, and School Improvement Programs**

The Office of Special Education, Elementary and Secondary Education, and School Improvement Programs provides training and technical assistance to school districts, other agencies, parents, and other groups to support schools in meeting the needs of students from diverse cultural, language, and socioeconomic backgrounds and students who have disabilities. Consultants are responsible for providing leadership to districts and schools throughout the state in the area of school improvement. Consultants are also responsible for assuring compliance with all approved projects in accordance with state and federal requirements.

**Office of Technology and Innovative Programs**

The Office of Technology and Innovative Programs is responsible for providing leadership, training, and technical assistance to expand the use of technology in schools, to expand the technology infrastructure available to the schools and to expand the use of technology by the Department of Education in working with school districts, other agencies, and for internal operations. The Office staff provides administrative support to the Commission on Educational Technology. The Office also has responsibility for Library support, Textbook Adoptions, and managing several state and federal grants such as state technology allocations, federal technology funds, the Innovative Programs grant, the Gear Up grant, the Character Education Grant, and school and teacher recognition programs.

**Office of Career, Technical, and Adult Education**

The Office of Career, Technical, and Adult Education assists local school districts, community colleges, and other educational entities in expanding, modernizing and developing K-16 initiatives with special emphasis on career technical and adult education programs.

**Office of Teacher Education and Licensure**

The Office of Teacher Education and Licensure is responsible for providing services and training based on Commission on Professional Standards regulations governing educational licensure within the state. The Office issues all educational licenses in conformance with state licensure standards to assure that adults who work in school systems have the knowledge, skills, and abilities they need to support students in achieving success. The Office carries out all teacher education program approval reviews, on behalf of the Nevada State Board of Education, ensuring that institutions of higher education operating in Nevada duly offer quality educational personnel training and courses of study.

Source: Perspectives: A Biennial Report of State Agencies 2004.

**Appendix C**  
**Deputy Superintendents' Responsibilities**  
(continued)

**Deputy Superintendent of Administrative and Fiscal Services**

**Office of Child Nutrition and School Health**

The Office of Child Nutrition and School Health assists local school districts, public agencies, and other nonprofit organizations in assuring that students are well nourished, healthy, and ready to learn.

**Office of Fiscal Accountability**

The Office of Fiscal Accountability monitors and audits the fiscal activity of all federal and state programs operated or "flowed through" by the Department. Student enrollment is audited with reports issued on an annual basis for all school districts and charter schools. In addition, this office reviews documentation required for establishment and operation of all private and exempt private K-12 schools in the State and recommends licensing to the State Board, collects appropriate fees, and documents eligibility of employees. The Office also provides oversight for adherence to homeschool requirements for parents desiring to educate their child(ren) at home. Furthermore, the office conducts the state's charter school program for both local school district and state board sponsored schools and is responsible for program and financial audits for these publicly funded schools. Finally, the office administers the following state funded programs: teacher signing bonus; teacher retirement credits for those teaching in designated at-risk schools; credits for hard-to-fill teacher positions; and public broadcasting support. The Office also manages various department-wide services.

**Office of Fiscal Services**

The Office of Fiscal Services processes all fiscal documents for the Department, monitors the fiscal activity for all federal and state grants as well as submits the Single Audit Act reporting requirements. In addition, the office files financial reports, reviews audited financial reports from school districts, compiles and issues annual reports of the fiscal activity of the school districts National Center for Educational Statistics (NCES) report, F-33 report, and NRS 387.303 report. Furthermore, the Office is responsible for negotiating Indirect Cost Rates with the U.S. Department of Education, monitoring the opening and closing of the budget accounts each fiscal year, reviewing internal controls for financial transaction activity and Rules of Practice, and working with Department of Information Technology on the Child Nutrition Web-base software product.

**Distributive School Account (DSA)**

The Distributive School Account (DSA) represents the largest single budget account in the State's General Fund. This Office is directly responsible for determining the allocation and payment of DSA's aid-to-school funds, Class-Size Reduction (CSR) funds, and Adult High School Diploma (AHSD) Program funds. State special education funds are also distributed as part of the State's DSA aid-to-schools funding obligation. This Office oversees a DSA apportionment model to account for allocation of funds to Nevada school districts.

Source: Perspectives: A Biennial Report of State Agencies 2004.

**Appendix D**  
**Student Enrollment Growth by District**  
**Fiscal Years 2001 to 2005**

<b>District</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2001-2005</b>
Carson City	8,425	8,761	8,827	8,798	8,725	3.56%
Churchill	4,678	4,610	4,545	4,500	4,507	-3.66%
Clark	231,210	244,700	255,306	268,344	280,796	21.45%
Douglas	7,022	6,989	7,180	7,190	7,210	2.68%
Elko	10,100	9,847	9,694	9,582	9,739	-3.57%
Esmeralda	97	89	74	69	66	-31.96%
Eureka	305	285	239	220	236	-22.62%
Humboldt	3,805	3,616	3,500	3,523	3,461	-9.04%
Lander	1,449	1,355	1,276	1,255	1,226	-15.39%
Lincoln	1,018	1,014	992	1,012	1,006	-1.18%
Lyon	6,664	7,046	7,256	7,677	8,188	22.87%
Mineral	871	774	780	741	736	-15.50%
Nye	5,288	5,279	5,312	5,469	5,885	11.29%
Pershing	900	898	870	841	797	-11.44%
Storey	447	479	450	467	478	6.94%
Washoe	55,651	57,583	58,903	60,408	62,097	11.58%
White Pine	1,531	1,464	1,435	1,380	1,446	-5.55%
Charter Schools	1,156	1,863	2,753	3,803	4,340	275.43%
<b>Totals</b>	<b>340,617</b>	<b>356,652</b>	<b>369,392</b>	<b>385,279</b>	<b>400,939</b>	<b>17.71%</b>

Source: Department of Education.

**Appendix E**  
**Retirement Credit Allocations**  
**Fiscal Year 2004**

This schedule compares the retirement credit reimbursement each district received based on requested amounts and the amount of reimbursement for each district based on actual costs.

<b>District</b>	<b>District Requested Amount</b>	<b>Amount Paid to PERS by District</b>	<b>Department Reimbursement to District<sup>(1)</sup></b>	<b>Amount to Pay Districts Based on PERS<sup>(2)</sup></b>	<b>Overpayment (Underpayment)</b>
Carson City	\$ 54,691.39	\$ 56,738.98	\$ 22,635.69	\$ 24,194.28	\$ ( 1,558.59)
Clark	\$5,130,662.00	\$4,896,871.50	\$2,123,480.36	\$2,088,093.63	\$ 35,386.73
Douglas	\$ 8,860.40	\$ 8,184.75	\$ 3,667.15	\$ 3,490.09	\$ 177.06
Elko	\$ 149,454.00	\$ 149,952.93	\$ 61,856.08	\$ 63,942.00	\$ ( 2,085.92)
Humboldt	\$ 47,842.13	\$ 45,833.85	\$ 19,800.92	\$ 19,544.19	\$ 256.73
Lincoln	\$ 20,478.00	\$ 21,282.92	\$ 8,475.44	\$ 9,075.33	\$ ( 599.89)
Lyon	\$ 80,335.58	\$ 80,335.38	\$ 33,249.32	\$ 34,256.12	\$ ( 1,006.80)
Mineral	\$ 23,043.09	\$ 23,043.09	\$ 9,537.08	\$ 9,825.89	\$ ( 288.81)
Nye	\$ 91,051.00	\$ 82,146.32	\$ 37,684.22	\$ 35,028.33	\$ 2,655.89
Pershing	\$ 3,107.25	\$ 3,041.98	\$ 1,286.03	\$ 1,297.14	\$ ( 11.11)
Washoe	\$ 843,645.73	\$ 892,200.29	\$ 349,168.42	\$ 380,446.52	\$ (31,278.10)
White Pine	\$ 44,373.40	\$ 46,932.05	\$ 18,365.28	\$ 20,012.47	\$ ( 1,647.19)
<b>Totals</b>	<b>\$6,497,543.97</b>	<b>\$6,306,564.04</b>	<b>\$2,689,205.99</b>	<b>\$2,689,205.99</b>	

Source: Department of Education, Public Employee Retirement System, and Auditor Analysis.

<sup>(1)</sup> Department reimbursed the individual districts based on a percentage of the amount requested.

<sup>(2)</sup> Auditor calculated using the same methodology as the Department in note 1, but using the amount paid to PERS by each district.

**Appendix F**  
**Response From the Department of Education**

**KEITH W. RHEAULT**  
*Superintendent of Public Instruction*

**GLORIA P. DOPF**  
*Deputy Superintendent*  
Instructional, Research and Evaluative  
Services

**JAMES R. WELLS**  
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STATE OF NEVADA



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August 10, 2006

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Paul V. Townsend, Legislative Auditor  
Sedway Office Building  
401 S. Carson Street  
Carson City, Nevada 89701

Dear Mr. Townsend:

I have had the opportunity to review the Legislative Counsel Bureau (LCB) draft Audit Report completed for the Department of Education. Attached is the Department of Education's response to the 10 recommendations provided in the draft Audit Report.

The Department of Education appreciates the work that was invested in formulating the audit recommendations and would like to compliment your audit staff for the professional and courteous manner in which they conducted the audit. Please contact me if you have any questions or need clarification to the response.

Sincerely,

A handwritten signature in cursive script that reads "Keith W. Rheault".

Keith W. Rheault, Superintendent of Public Instruction  
Nevada Department of Education

An Equal Opportunity Agency

Response to LCB Audit  
Nevada Department of Education

**Recommendation 1. Strengthen Controls over the award of teacher signing bonus.**

The Department has begun implementing the recommendation provided in the Audit Report regarding electronic submission by school districts of the information on teachers qualifying for the signing bonus. Department staff collected the 2005-2006 school year teacher signing bonus information electronically from all school districts. The electronic information collected in 2005-06 will serve as the baseline information used by the Department to monitor program eligibility and to prevent more than one signing bonus from being awarded to an individual teacher in the future. For each subsequent year that the program is funded by the State Legislature, the Department will add the names of the new program recipients to the database for eligibility confirmation.

**Recommendation 2. Review and adopt rules allowing teacher signing bonuses for individuals with previous teaching experience in the State.**

The Department concurs with the audit recommendation that the rules being promulgated for teachers with previous teaching experience in Nevada being eligible for signing bonuses should be confirmed regarding intent of the funding. Although the language of the original funding bill (S.B. 427 by the 2001 Legislature) does not address the eligibility of teachers with previous teaching experience in Nevada nor do the minutes from the hearings held on the bill, Department staff recall that there was discussion on the subject during the session that guided the decision to allow the eligibility of these teachers. The Department believes that it is following the intent of the original funding provided by S.B. 427 by allowing for the payment of signing bonuses to teachers with previous teaching experience in Nevada as long as they were not employed during the previous school year by a school district or charter school. The primary intent of the teacher signing bonus funding was to provide an incentive for qualified applicants to accept teaching positions in Nevada. A large source of potential applicants needed to fill the thousands of vacancies in any given year are teachers who have quit teaching and may be enticed back into the labor market by the signing bonus incentive. To resolve this recommendation, it is the Department's intent to request Legislative clarification of the issue during the 2007 Session when continued funding for the program is being considered in the Department's budget.

**Recommendation 3. Review and implement controls over the processing, issuance, and follow-up of the retirement credit program to ensure reimbursements are based on actual costs.**

The Department has begun implementing the recommendation provided in the Audit Report by providing the 2005-2006 school year reimbursement to school districts and charter schools based on the actual retirement credit cost for the eligible teachers determined by the Public Employee's Retirement System (PERS). If school district and charter school payments cannot be finalized by the Department prior to the end of the state fiscal year based on actual program costs, a process will be put in place to adjust the amount paid (increase or decrease) to a school district or charter school in the subsequent school year based on the actual costs determined by PERS from the previous school year. In addition, beginning with the list of eligible program recipients from the 2005-2006 school year, Department staff will require school districts and charter schools to confirm to the Department that the retirement credit for all of the eligible recipients identified by PERS have been paid into the system.



Response to LCB Audit  
Nevada Department of Education

**Recommendation 4. Coordinate with other agencies to establish follow-up procedures to ensure money received is needed.**

In addition to the policies that have been developed for allocating special legislative funding to school districts, Department staff will facilitate a meeting with staff of the Department of Administration and the Legislative Counsel Bureau-Fiscal Analysis Division to develop procedures that can help ensure that the special legislative funding allocated to school districts can be monitored regarding the proper use of the funds. A copy of the procedures will be provided to the Legislative Auditors upon completion.

**Recommendation 5. Revise expenditure reports to include information to facilitate analysis of projected and actual costs.**

As part of the procedures to be developed under Recommendation 4, a review of the current expenditure reports required by the Department of Education will be conducted. Revisions to the current expenditure reports will be made and implemented during the 2006-2007 school year. Upon close out of the fiscal year, Department staff will review the revised expenditure reports submitted by school districts for the special project funds to compare projected versus actual expenditures as well as to conduct a review of the appropriateness of the funding received by the school districts.

**Recommendation 6. Develop case documentation procedures over the teacher license revocation process.**

The Department agrees that a more formal case documentation system needs to be implemented for the teacher licensure revocation process. Based on the recommendations provided in the audit report, written procedures will be developed by Department staff that will specifically outline the process to be followed from initial notification of a possible revocation issue through final resolution of the case, as appropriate. It is intended that the procedures will also include the designation of specific positions within the Department to carry out the procedures developed.

**Recommendation 7. Establish a tracking system to monitor criminal case status.**

In conjunction with the procedures to be developed as part of Recommendation 6, a database will be developed that can be used to track the status of criminal cases being processed for licensure revocation. It is anticipated that the database to be developed will be modeled after the database used for tracking non-criminal cases. As part of the procedures to be developed, the deficiency regarding the monitoring and completion of the database checklist will be addressed.

Response to LCB Audit  
Nevada Department of Education

**Recommendation 8. Update policies and procedures governing special education hearing and review officer processes.**

The policies established by the Department regarding “Due Process Hearings” currently meet the rigor required by the Federal special education law, however, this recommendation is timely based on the fact that final regulations to implement the *Individuals with Disabilities Education Improvement Act of 2004 (IDEA)* were just released on August 4, 2006 by the U.S. Department of Education. A review of the current policies and procedures governing special education hearing and review officer processes will be conducted by Department staff in conjunction with the review of new IDEA regulations. Where appropriate, revisions will be made to the policies and procedures established by the Department to address the deficiencies noted in this recommendation. A copy of the revised policies will be provided to the Legislative Auditors upon completion. In addition, the Superintendent of Public Instruction will be provided a recommended range for the “hourly cost rate” of special education hearing and review officers by the Office of Special Education for official adoption no later than September 15, 2006, and by June 30 each subsequent year, thereafter, if changes to the rates are being recommended.

**Recommendation 9. Implement controls to ensure the reasonableness of class-size reduction information.**

As part of the regular school district enrollment audits conducted by Department staff in the fall of every school year, beginning with the 2006-2007 school year, Department auditors will be asked to verify the number of teachers who are employed at the time of the audit for grades 1, 2 and 3 in addition to verifying the enrollment counts of the school districts. The enrollment audit results will be used to compare the class size reduction information provided by school districts for reasonableness when the required class-size status report is being finalized by the Department. If audited figures when compared to reported figures reveal a significant discrepancy, Department staff will follow-up with the appropriate school district to clarify or correct the discrepancy prior to the final class-size status report being released.

**Recommendation 10. Complete performance evaluations for classified employees in accordance with state law.**

The completion of employee performance evaluations has not been emphasized as a priority as it should have been by Department Administration. In review of Department employee performance evaluations, Department supervisors have completed the required performance evaluations in almost all cases for probationary employees but have not been as diligent with permanent employee evaluations. To correct the situation, Department staff who are charged with the supervision of employees will be notified by the Superintendent that the completion of performance evaluations for classified staff will be a priority of the Department and will be used as part of the supervisor’s performance evaluation. In addition, since part of the problem with the timely completion of the performance evaluation appears to be a lack of awareness as to when the individual evaluations are due to be completed, the Department Personnel Officer will be directed to provide quarterly updates to Department supervisor’s on employee evaluations to be completed during the quarter. The Personnel Officer will also be asked to provide the Superintendent with a status report on the completion of evaluations, for fiscal year 2007, on a quarterly basis.

**Department of Education  
Response to Audit Recommendations**

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Strengthen controls over the award of teacher signing bonuses.....	<u>  X  </u>	<u>      </u>
2	Review adopted rules allowing teacher signing bonuses for individuals with previous teaching experience in the State.....	<u>  X  </u>	<u>      </u>
3	Develop and implement controls over the processing, issuance, and follow-up of the retirement credit program to ensure reimbursements are based on actual costs .....	<u>  X  </u>	<u>      </u>
4	Coordinate with other agencies to establish follow-up procedures to ensure money received is needed.....	<u>  X  </u>	<u>      </u>
5	Revise expenditure reports to include information to facilitate analysis of projected and actual costs.....	<u>  X  </u>	<u>      </u>
6	Develop case documentation procedures over the teacher license revocation process.....	<u>  X  </u>	<u>      </u>
7	Establish a tracking system to monitor criminal case status.....	<u>  X  </u>	<u>      </u>
8	Update policies and procedures governing special education hearing and review officer processes.....	<u>  X  </u>	<u>      </u>
9	Implement controls to ensure the reasonableness of class-size reduction information.....	<u>  X  </u>	<u>      </u>
10	Complete performance evaluations for classified employees in accordance with state law.....	<u>  X  </u>	<u>      </u>
	TOTALS	<u>  10  </u>	<u>    0  </u>