

# STATE OF NEVADA

---

## Performance Audit

Department of Education

2014



Legislative Auditor  
Carson City, Nevada

---

# Audit Highlights



Highlights of performance audit report on the Department of Education issued on December 2, 2014. Legislative Auditor report # LA14-22.

## Background

The mission of the Department of Education is to improve student achievement and educator effectiveness by ensuring opportunities, facilitating learning, and promoting excellence.

For fiscal year 2014, the Department had total approved funding of about \$1.9 billion, which includes about \$1.25 billion in General Fund appropriations. Much of the Department's funding passes through the Distributive School Account to the school districts. Operating expenditures for the Department were about \$25 million in fiscal year 2014. For fiscal year 2014, the Department had 168 legislatively approved positions.

The Office of Educator Licensure (Office) is responsible for the issuance and renewal of educator licenses based on standards adopted by the Commission on Professional Standards. Prior to April 2014, the Office was known as the Office of Teacher Licensure.

The state's class-size reduction (CSR) program is administered by the Department's Business and Support Services Office. The CSR program was first funded by the Legislature in fiscal year 1991. In fiscal year 2014, program funding was about \$177 million.

## Purpose of Audit

The purpose of this audit was to: (1) evaluate the operational processes of the Office of Educator Licensure, and (2) evaluate controls over the class-size reduction program. Our audit focused on the Department's educator licensing and class-size reduction activities from July 2012 through March 2014.

## Audit Recommendations

This audit report contains nine recommendations to improve operational processes of the Office of Educator Licensing. In addition, there are nine recommendations to enhance controls over the class-size reduction program.

The Department accepted the 18 recommendations.

## Recommendation Status

The Department's 60-day plan for corrective action is due on March 2, 2015. In addition, the six-month report on the status of audit recommendations is due on September 2, 2015.

# Department of Education

## Summary

The Office of Educator Licensure plays a critical role, along with school districts, in ensuring teachers and other educators in Nevada schools are qualified. We found the Office needs to strengthen its processes for revoking licenses, issuing provisional licenses, and tracking and reviewing criminal history reports. Improvements to these processes will help ensure timely action for criminal cases involving licensees. In addition, increased monitoring is needed to help ensure licensing applications are processed timely. Nevertheless, the Office has taken steps to address legislative concerns regarding customer service, document security, and other operational issues.

The Department could improve its controls over the class-size reduction program. We found the Department's oversight of class-size reduction plans and other class-size reduction information submitted by the school districts was not adequate. Better oversight would provide more accurate information to decision makers and stakeholders. Further, the process for distributing class-size reduction funds needs strengthening.

## Key Findings

The Office does not have an adequate revocation process for licensees convicted of crimes. Specifically, the Office did not adopt regulations to help ensure it was notified timely when a licensee had been arrested. As a result, our testing of 13 revocation cases found the number of days from the arrest date to when the Office became aware of the arrest ranged from 1 to 1,200 days, with an average of 367 days. Further, once the Office was notified of an arrest, it did not always monitor such cases and revoke licenses in a timely manner. (page 6)

The Office did not properly issue or monitor provisional licenses. We found provisional licenses were issued for 1 year instead of the 120-day maximum allowed under state regulations. Further, the information systems used to track the status of provisional licenses were not reliable and criminal history reports were not always reviewed timely. As a result, the process to invalidate a license when an applicant has a criminal history is not always timely or effective. (page 9)

The Office has not exercised its authority to invalidate or revoke a license when a crime involving moral turpitude has been committed. The Office's practice during the audit was to invalidate a provisional license upon learning that a licensee has been convicted of a felony. However, state law also authorizes the Office to take licensing action against persons convicted of non-felony crimes involving moral turpitude. Our review of NRS identified several examples of non-felony crimes (gross misdemeanors and misdemeanors) that could be considered crimes of moral turpitude. (page 13)

The Department's oversight of class-size reduction (CSR) plans can be enhanced. Our review found the Department did not receive sufficient information from the school districts regarding their CSR plans. Further, the Department did not require districts to provide plans that included items required by statute. For example, all school districts are required to demonstrate how they will reduce pupil-teacher ratios within the limits of available funding. We found the Department did not receive such information from any of the school districts. Without proper monitoring of CSR plans, there is an increased risk that districts will not maximize progress towards achieving class-size reduction. (page 19)

The Department did not effectively monitor quarterly class-size reduction reports and variance requests submitted by school districts. These reports aid the Department in overseeing the CSR program and are required to be posted on districts' websites. Further, Department staff summarize this information and submit it to the State Board of Education and the Interim Finance Committee. We found instances when reports had errors and did not include all required information. Inaccurate reports submitted to decision makers reduce accountability over the State's CSR program. (page 22)

The Department's process for distributing class-size reduction funds has control weaknesses. Specifically, the Department needs written policies and procedures for calculating how CSR funds are distributed to the school districts. The Department is responsible for distributing \$381 million in CSR funds during fiscal years 2014 and 2015. Determining the amount distributed to each school district involves a very large number of calculations and data from many different sources, but the calculations are not reviewed and lack supporting documents. Additionally, the Department did not communicate its funding expectations to the school districts, such as the minimum number of teachers they were expected to employ with CSR funds. This increases the risk that funds will not be used as intended. (page 25)

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
CARSON CITY, NEVADA 89701-4747  
~~Phone No.: (775) 684-6800~~



LEGISLATIVE COMMISSION (775) 684-6800  
MARILYN K. KIRKPATRICK, *Assemblywoman, Chairman*  
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821  
DEBBIE SMITH, *Senator, Chairman*  
Mark Krmpotic, *Fiscal Analyst*  
Cindy Jones, *Fiscal Analyst*

RICK COMBS, *Director*  
(775) 684-6800

BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815  
DONALD O. WILLIAMS, *Research Director* (775) 684-6825

Legislative Commission  
Legislative Building  
Carson City, Nevada

This report contains the findings, conclusions, and recommendations from our performance audit of the Department of Education. This audit was conducted pursuant to 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.

This report includes nine recommendations to improve operational processes of the Office of Educator Licensure, and nine recommendations to assist the Department in monitoring the class-size reduction program. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other state officials.

Respectfully submitted,

Paul V. Townsend, CPA  
Legislative Auditor

November 13, 2014  
Carson City, Nevada

# Department of Education Table of Contents

Introduction.....	1
Background .....	1
Scope and Objectives.....	5
Operational Processes for the Office of Educator Licensure Have Weaknesses .....	6
Better Practices Needed for Revoking Licenses .....	6
Provisional Licenses Not Properly Issued or Monitored .....	9
Controls Over Other Processes Can Be Strengthened .....	15
Controls Over Class-Size Reduction Program Could Be Improved .....	19
Oversight of Class-Size Reduction Plans Can Be Enhanced.....	19
Better Monitoring of Class-Size Reduction Reports and Variances Is Needed .....	22
Process for Distributing Class-Size Reduction Funds Has Control Weaknesses .....	25
Appendices	
A. Flowchart of the Criminal History Background Check Process for Educator Licensing .....	29
B. Audit Methodology .....	30
C. Response From the Department of Education .....	34

# Introduction

## Background

The Department of Education's mission is to improve student achievement and educator effectiveness by ensuring opportunities, facilitating learning, and promoting excellence. Its strategic priorities are to:

- Implement standards, programs, and assessments that prepare all students for college and careers.
- Facilitate high-impact instruction and leadership through measurement and support of educator effectiveness and family engagement.
- Evaluate and publicize school, district, and state performance and provide technical assistance and interventions.
- Continually improve departmental leadership and collaboration with all stakeholders.

The Department consists of the State Board of Education, the State Board for Career and Technical Education, and the Superintendent of Public Instruction. The State Board of Education establishes policies and adopts regulations to govern all functions of the State relating to public schools not conferred by law on some other agency. The State Board for Career and Technical Education establishes policies and adopts regulations for the administration of a career and technical education program in the State. The Superintendent of Public Instruction is the executive head of the Department.

The Superintendent is responsible for executing, directing, or supervising all administrative, technical, and procedural activities of the Department in accordance with policies prescribed by the State Board of Education. The Superintendent is appointed by the Governor from a list of three candidates provided by the State

Board of Education. He or she is the educational leader for the system of K-12 education in the State.

### **Budget and Staffing**

For fiscal year 2014, the Department had total approved funding of about \$1.9 billion, which includes about \$1.25 billion in General Fund appropriations. Much of the Department's funding passes through the Distributive School Account to the school districts. Operating expenditures for the Department were about \$25 million in fiscal year 2014. The Department has offices in Carson City and Las Vegas, with the Superintendent's office in Carson City. For fiscal year 2014, the Department had 168 legislatively approved positions.

During the period of this audit, the Department was organized into six offices. They were: 1) Assessment, Program Accountability and Curriculum, 2) Business and Support Services, 3) Career, Technical and Adult Education, 4) Information Technology, 5) Educational Opportunity, and 6) Educator Licensure.

### **Office of Educator Licensure**

The Office of Educator Licensure (Office) is responsible for the issuance and renewal of educator licenses based on standards adopted by the Commission on Professional Standards. Prior to April 2014, the Office was known as the Office of Teacher Licensure. In addition to licensing teachers, the Office also issues endorsements for other educational employees such as school psychologists, social workers, and nurses. The Office issues the following kinds of teacher licenses:

- License to Teach Elementary Education: allows the license holder to teach in any elementary school in the State.
- License to Teach Middle or Junior High School: authorizes the holder to teach in his or her major or minor field of preparation in grades 7, 8, and 9 at any middle or junior high school.
- License to Teach Secondary Education: authorizes the holder to teach in his or her major or minor field of preparation in any secondary school.

- License to Teach Special Education: allows the holder to teach pupils with disabilities or gifted and talented pupils, or both.
- Special License: allows the holder to teach or perform other educational functions in a school or program as designated by the license.
- Special Qualifications License: authorizes the holder to teach only in the grades and subjects designated in the license.

Initial applicants for licensure are required to meet certain requirements before being issued a teaching license. For example, initial applicants must complete course work or demonstrate competency in Nevada school laws, the Nevada Constitution, the United States Constitution, and pass a basic competency test. Finally, both initial and renewal license applicants must pass a criminal history background check. NRS 391.033 allows the Superintendent to issue a “provisional” license to applicants, pending receipt of the criminal history reports, if the applicant is otherwise qualified.

There are two locations to process licensure applications. The primary office is in Las Vegas and a smaller office is in Carson City. The Office is funded through the collection of fees from teacher licensing, renewals, and endorsements. In fiscal year 2014, the Office had 12.5 authorized positions and expenditures of \$1.3 million.

### **Class-Size Reduction Program**

The State’s class-size reduction (CSR) program is administered by the Department’s Business and Support Services Office. The program began in 1989 with passage of the Class-Size Reduction Act. The program was designed to reduce pupil-teacher ratios in early grades where core curriculum is taught. The intended goal of the Legislature is to achieve a pupil-teacher ratio of not more than 15 pupils per teacher in kindergarten through third grade where core curriculum is taught.

The CSR program was first funded by the Legislature in fiscal year 1991 at approximately \$16 million. In fiscal year 2014, program funding was about \$177 million.

The Legislature has placed certain restrictions on the use of class-size reduction funds. The money for class-size reduction:

- Must not be used to settle or arbitrate disputes between a recognized organization representing employees of a school district and the school district, or to settle any negotiations.
- Must not be used to adjust the district-wide schedules of salaries and benefits of the employees of a school district.
- May be applied first to pupils considered most at risk of failure.

In addition, class-size reduction funds must not be distributed to a school district unless that school district has:

- Filed with the Department of Education a plan required by NRS 388.720 for achieving the required pupil-teacher ratios.
- Demonstrated that, from funding sources other than class-size reduction funds, a sufficient number of classroom teachers have been employed to maintain the average pupil-teacher ratios that existed for the 3 school years preceding the start of the class-size reduction program.

Legislation passed in 2013 (A.B. 2 of the Special Session) established new reporting requirements for school districts on pupil-teacher ratios, effective in fiscal year 2014. Some of the new requirements were:

- 1) Reports are to be submitted quarterly instead of annually;
- 2) Report pupil-teacher ratios on a school by school basis instead of district wide;
- 3) Report average daily attendance;
- 4) School districts are to post certain CSR information on their website that was reported to the Department.



---

## **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 218G.010 to 218G.350. 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 focused on the Department's educator licensing and class-size reduction activities from July 2012 through March 2014. The objectives of our audit were to:

- Evaluate the operational processes of the Office of Educator Licensure, and
- Evaluate controls over the class-size reduction program.

# Operational Processes for the Office of Educator Licensure Have Weaknesses

The Office of Educator Licensure plays a critical role, along with school districts, in ensuring teachers and other educators in Nevada schools are qualified.<sup>1</sup> We found the Office needs to strengthen its processes for revoking licenses, issuing provisional licenses, and tracking and reviewing criminal history reports. Improvements to these processes will help ensure timely action for criminal cases involving licensees. In addition, increased monitoring is needed to help ensure licensing applications are processed timely. Nevertheless, the Office has taken steps to address legislative concerns regarding customer service, document security, and other operational issues.

## **Better Practices Needed for Revoking Licenses**

The Office does not have an adequate revocation process for licensees convicted of crimes. Specifically, the Office did not adopt regulations to help ensure it was notified timely when a licensee had been arrested. Further, it did not monitor such cases and revoke licenses in a timely manner, and revocation files did not include information required by state law that is useful in tracking the case. The need for strong controls over license revocation is important because the Office is responsible for monitoring teachers and other licensees that have been arrested for crimes that would result in revocation if found guilty.

We reviewed a total of 13 revocation case files. This included all eight open cases the Office was monitoring at the time of our testing and five cases in which licenses had been recently revoked. Exhibit 1 summarizes our review of these case files.

---

<sup>1</sup> Prior to April 2014, the Office of Educator Licensure was called the Office of Teacher Licensure.

## Test Results for Revocation Cases

## Exhibit 1

Issue	Test Results
Not aware of arrest timely.	The number of days from the arrest date to when the Office became aware of the arrest ranged from 1 to 1,200 days, with an average of 367 days.
Not notified of arrest by local school district.	For 10 of 13 cases, the Office was not notified of the arrest by the applicable school district. Instead, it learned of the arrest through Office staff following the local news.
Licenses were not revoked timely after the licensee was found guilty or pled guilty.	For the five licenses that were revoked, it took 660 days, 597 days, 579 days, 375 days, and 184 days from the conviction date until the license revocation date.  Licenses of two other teachers found guilty of sex crimes in 2013 were not revoked timely. At the time of our testing, it had been 229 days and 124 days since these licensees had been convicted. According to the Office's website on March 4, 2014, both teachers still had an active license.

Source: Audit test results.

From an Internet search, we identified an additional five licensees arrested for sex-related crimes in which the Office had no case file for any of the arrested licensees. All five licensees were employed by school districts at the time of their arrest. Although the districts took action to remove all five licensees from the classroom, the districts did not notify the Office for four of the five arrests. Three of these licensees were subsequently found guilty and charges were not filed against the other two. All three convicted licensees were sentenced to prison or jail. However, as of August 2014, two individuals still have not had their license revoked. These two were sentenced in December 2013 and May 2014. The other licensee was sentenced in 2011, and his license was active until it expired about 2 years later.

Local school district personnel are more likely to become aware of a licensee's arrest than Office staff. Therefore, when the Office is not notified of an arrest or is not notified timely by a school district, it increases the risk that the Office will not take timely disciplinary action, such as suspension or revocation of a license. It is possible for an arrested licensee, who is not in custody, to seek employment outside of the school district where they were employed.

NRS 391.055(1) requires the Department to adopt regulations that establish a procedure for the notification, tracking, and monitoring of the status of criminal cases involving licensees. This statute was added in 2007. However, the Department has not adopted regulations, which is a contributing factor in the school districts not notifying the Office when a licensee was arrested. During the audit, the Department began the process for adopting regulations in this area.

The lengthy time to revoke licenses of persons convicted of crimes was caused by a lack of supervisory oversight and insufficient procedures for tracking and revoking licenses. For example, the procedures do not address supervisory oversight to ensure timely action, or how often staff should check on the status of court cases, or establish a timeframe for submitting a revocation request to the Superintendent once the court documents have been received.

#### **Revocation Files Did Not Always Include Required Information**

Our review of the 13 revocation case files noted above also found they did not include information required by state law that is useful in tracking the case. Specifically, 7 of 13 (54%) files did not include documentation of the steps taken in response to information received about the case. Further, one file had no evidence of the arrest date; and another file had an arrest date, but no evidence when the Office received notice of the arrest. When case files are incomplete, there is an increased risk of untimely monitoring, and management's ability to determine the case status at any point in time is reduced.

NRS 391.055(2) requires each revocation file that is maintained on a licensee to include certain information. Some examples of case file requirements are:

- the date on which the person was arrested;
- the date on which the Department received notice of the arrest from the school district or charter school;
- the reason why the licensee was arrested; and

- the steps taken by the Department in response to all notices received by the Department from a school district or charter school.

Our review of revocation procedures found they do not adequately address what documentation should be kept in the case file. For example, actions taken by the court and steps taken by staff in response to all notices received should be well documented. The steps taken by staff could be checking on the status of the case by reviewing a court website or contacting applicable court personnel.

### **Provisional Licenses Not Properly Issued or Monitored**

The Office did not properly issue or monitor provisional licenses. We found provisional licenses were issued for 1 year instead of the 120-day maximum allowed under state regulations. Further, its spreadsheets and databases used to track the status of provisional licenses were not reliable, and criminal history reports were not always reviewed timely. As a result, the process to invalidate a license when an applicant has a criminal history was not always timely or effective. This was caused, in part, by a lack of reliable management information regarding caseload. In addition, the Office has not exercised its authority to invalidate or revoke a license when a non-felony crime involving moral turpitude has been committed.

A license issued to a teacher and other educational personnel can be invalidated or revoked. The Office invalidates a license when an applicant for an initial license has been issued a provisional license and does not pass the criminal history background check. A license is revoked when an individual who previously passed a background check is convicted of certain crimes. In this instance, the Office will discuss the case with its legal counsel and submit a request for revocation to the State Board of Education, which makes the final determination.

### **Provisional Licenses Were Not Issued in Accordance With State Regulations**

During our audit, it was the Office's practice to issue a provisional license for 1 year, even though 120 days is the maximum period allowed by state regulation. Further, the Office did not obtain written assurance from applicants indicating they understood the

conditions under which the provisional license is issued, which is also required by NAC 391.0568. The Office recently made changes to their process to be in compliance with state regulations.

The Office's practice was to issue a provisional license after staff verified an applicant met applicable requirements. The provisional license was issued for 1 year, pending review of the applicant's criminal history report. In cases where the criminal history report indicated a person had been arrested but did not indicate whether the person had been convicted, additional follow-up is performed to determine whether to invalidate the provisional license or remove the provisional status from the license. Office management did not know why provisional licenses were issued for a period longer than allowed by state regulation, as this decision was made prior to their employment at the Department.

A shorter provisional license period would help reduce the time that a teacher with a criminal history could be inappropriately employed by a school district. For example, teachers with a provisional license can be hired by school districts prior to passing a background check. The Office could subsequently receive a criminal history report showing an arrest and request the licensee provide court documents regarding the outcome of the case. A longer provisional license period allows a convicted individual more time to provide the requested court documents before their license expires.

After we discussed our concerns with Office management, they changed their policy to align with state regulations. Specifically, management stated that beginning July 1, 2014, it will not issue a license until after the criminal history reports have been received; and a 120-day provisional license will only be issued in rare circumstances at the discretion of the Superintendent. Management also indicated its forms will be revised to ensure compliance with the other regulatory provisions.

### **Information for Tracking Criminal History Reports Is Not Reliable**

The Office does not have reliable information for management to monitor the status of an applicant's criminal history report. We found errors and omissions with the Office's information used to track an applicant's criminal history report. Unreliable data increases the risk that the Office will not review criminal history reports timely and can result in incorrect data to the public about a person's license.

NRS 391.033(3) states every applicant for a license must submit a complete set of fingerprints with their application. The statute also authorizes the Superintendent to forward the fingerprints to the Central Repository for Nevada Records of Criminal History and to the Federal Bureau of Investigation for their reports on the criminal history of the applicant.

The Office uses a spreadsheet to track key dates in the criminal history review process, such as when an applicant's criminal history report was received and when it was reviewed. Once a report is reviewed, staff either "clears" the background check provision in the spreadsheet or invalidates the license. Staff also "clears" this provision or invalidates the license in a database. This database is the official record of a teacher's licensure status, and is accessed by potential employers and the public via the Office's website. We reviewed the tracking spreadsheet and database and found:

- According to the tracking spreadsheet, 15,747 applicant fingerprint cards were submitted between July 2012 and December 2013. For these individuals, we identified 4,031 (26%) applicants with either an obvious data entry error or a critical date in the timeline was missing. Errors were instances when a date entered in the spreadsheet did not correspond with the timeline of the criminal history review process.
- We identified 123 instances when both the spreadsheet and the website listed the applicant's status as "open," indicating the applicant's criminal history report had not been reviewed. The fingerprints had been sent at least 120 days prior to the date of our testing. Since our analysis of all applications processed in 2013 found it took

an average of 22 days to receive the reports from DPS, it is unlikely that the criminal history reports had not been received yet. Therefore, it is unclear if and when the criminal history reports for these 123 applicants were reviewed by the Office.

- As of March 2014, we identified 1,348 applicants who were listed in the spreadsheet as having “cleared” the fingerprint provision but were still listed at the website as not cleared. When the website is not updated timely, a concerned parent and the general public do not have up-to-date information regarding the status of a teacher’s background check.
- We identified 86 licensees listed as having an “uncleared” fingerprint provision at the website that were not included in the applicable tracking spreadsheet. An incomplete tracking spreadsheet increases the risk that a licensee who did not pass the background check could go undetected and it reduces management’s ability to properly monitor the caseload for pending criminal history reports.

The purpose of criminal history reports is to ensure that licensed educators of quality are represented in the State’s K-12 educational system. Timely processing of criminal history reports has both a safety and customer service effect on school districts. Although four of the State’s school districts perform their own criminal history background checks, the other 13 school districts rely on the Office’s background check for screening applicants.

It is also important that the Office keep its website up-to-date as it is the information source for the school districts and the general public regarding the status of licensees. Additionally, the Office’s database is the official record of a teacher’s licensure status. Our review of the Office’s current policies and procedures found they do not address timely entry of license information in the database, a methodology for reconciling the spreadsheet and the database, or management information needed to monitor this important function.

### **More Timely Processing of Criminal History Reports Is Needed**

The Office did not process criminal history reports timely for persons applying for licenses. Although the overall average time



improved from 204 days in 2012 to 82 days in 2013, further improvement is needed. Delays in the process for reviewing criminal history reports increases the risk that the Office will not timely identify a provisional licensee with a criminal history that warrants an invalidation of license.

Applicants are required by law to provide fingerprint cards along with their application. These fingerprint cards are submitted by the Office to the Department of Public Safety and the Federal Bureau of Investigation. Those entities each run a criminal history check and send a criminal history report to the Office. The next step in this process is for staff to review the criminal history report and update its records accordingly. Appendix A shows a flowchart of the criminal background check process for educator licensing.

Of the 82 day overall processing time in 2013, it took an average of 60 days to review the criminal history reports after they had been received. Our analysis revealed that the vast majority of the applicants do not have a criminal record. Therefore, the follow up and review time needed for most applicants is minimal. Furthermore, the Office's written policy requires that the applicant's fingerprint provision status be updated to "cleared" or "not cleared" within 10 working days of receiving the criminal history report.

Our review of criminal history reports reviewed in 2013 found:

- 5,327 of 6,260 (85%) reports were not reviewed within 10 working days of when the reports were received.
- 874 of the 6,260 (14%) applications had an overall processing time greater than 120 days.

Current policies and procedures do not address management information that could be used to monitor the criminal history caseload and help ensure reports are reviewed timely.

#### **Additional Crimes Should Be Considered**

The Office's practice during the audit was to invalidate a provisional license upon learning that a licensee has been convicted of a felony. However, state law also authorizes the

Office to take licensing action against persons convicted of non-felony crimes involving moral turpitude. To date, the Office has not developed a list of non-felony crimes involving moral turpitude for use when staff review criminal history reports. Nevertheless, management stated it has discussed this issue with its Deputy Attorney General and is in the process of developing a definition for moral turpitude to be used in determining which non-felony crimes should be considered for licensing purposes.

NRS 391.033 allows the Superintendent to issue a provisional license pending receipt of the reports of the Federal Bureau of Investigation and the Central Repository for Nevada Records of Criminal History if the Superintendent determines that the applicant is otherwise qualified. However, if the criminal history reports indicate that the applicant has been convicted of a felony or an offense involving moral turpitude, the Superintendent has authority to invalidate the provisional license. Moreover, NRS 391.330 allows the State Board to suspend or revoke a license of persons convicted of crimes involving moral turpitude.

Our review of state laws identified several examples of non-felony crimes (gross misdemeanors and misdemeanors) that could be considered crimes of moral turpitude, depending on the circumstances. For example, assault and battery are gross misdemeanors or felonies depending on whether there was use of a deadly weapon. In other cases, such as open or gross lewdness, the crime is a gross misdemeanor or felony depending on whether it was a first offense. Based on our review of statutes, Exhibit 2 lists 15 potential examples of a non-felony crime involving moral turpitude and the applicable statute.

## Potential Examples of Non-Felony Crimes Involving Moral Turpitude<sup>(1)</sup>

## Exhibit 2

Crime	Statute
1. Open or Gross Lewdness	NRS 201.210
2. Indecent or Obscene Exposure	NRS 201.220
3. Child Luring	NRS 201.560(5)(c)
4. Coercion	NRS 207.190
5. Unlawful contact with child or person with mental illness	NRS 207.260
6. Failure to Report Child Abuse or Neglect	NRS 432B.220
7. Unlawful use of controlled substance	NRS 453.411
8. Possession of dangerous weapon on property or in vehicle of school or child care facility	NRS 202.265
9. False Imprisonment	NRS 200.460
10. Abuse, neglect or endangerment of child	NRS 200.508
11. Solicitation of another to commit kidnapping or arson	NRS 199.500
12. Capturing image of private area of another person	NRS 200.604
13. Assault	NRS 200.471
14. Battery	NRS 200.481
15. Stalking	NRS 200.575

Source: Auditor review of NRS.

<sup>(1)</sup> These crimes are deemed to be felonies, gross misdemeanors, or misdemeanors depending on various factors.

## Controls Over Other Processes Can Be Strengthened

The Office of Educator Licensure could improve its process for reviewing and approving teacher license applications and for timely deposits of collections. We found there are no procedures for applications, and there is inadequate management information for monitoring the application caseload. Untimely approval of applications can negatively impact customer service provided to applicants.

### Application Process Could Be More Timely

The Office needs to improve the timeliness of its process for reviewing and approving teacher license applications. Analysts review applications to verify an applicant has met all education requirements applicable to the type of license requested. We reviewed 100 initial applications that were approved between October 2012 and December 2013. Our testing found it took an average of 33 days for an analyst to review and approve the application. This ranged from 1 day to 90 days.

Processing applications is one of the Office's key responsibilities. Pursuant to NRS 391.033, all licenses for teachers and other educational personnel are granted by the Superintendent of Public Instruction. According to the Office's records, almost 20,000 applications were submitted in calendar years 2012 and 2013. This included about 8,900 in 2012 and 11,000 in 2013.

Our sample of 100 applications included reviews performed by four different analysts. We found the average review time for these analysts ranged from 23 days to 50 days. There are instances when the analyst needs additional documents from the applicant, which can extend the review process. However, for all applications tested, there was no documentation in the file of correspondence with the applicant or other reasons to justify a lengthy review time.

#### **Deposits Were Not Always Timely**

The Office did not always make timely deposits of licensing fees. Specifically, when collections from multiple days exceeded \$10,000, the deposit was not made on the next working day, as required by state law. Nineteen of 25 tested deposits did not comply with the 1 working day requirement. Also, 44% of the deposits (11 of 25) were 3 or more working days past due. In fiscal year 2014, the Office collected about \$1.8 million in fees. Untimely deposits increases the risk of theft or loss. The Office has not developed policies and procedures for collecting, safeguarding, and depositing revenues from teacher license fees.

#### **Improvements Made to Certain Operational Areas**

The Office has taken steps to address Legislative concerns regarding customer service, document security, and other operational issues. In addition, the Office hired a consultant to evaluate its operations and make recommendations for improvement. Exhibit 3 lists the areas of concern and the corresponding corrective action taken by the Office.

## Areas of Concern and the Corrective Action Taken

## Exhibit 3

Area of Concern	Action Taken
Customer Service	1. Transferred one License Evaluator position from Las Vegas to Carson City to answer applicant's questions and process most applications submitted in Carson City. This was done in response to concern about understaffing in the Carson City office.
	2. Expanded its telephone answering hours in both Carson City and Las Vegas (8:00AM to 5:00PM). The newly transferred License Evaluator will assist in answering phone calls in Carson City. Two administrative assistant positions have been filled in Las Vegas to assist in answering phone calls at that office.
	3. Developed a Technology Investment Request (TIR) to purchase a new telephone system for the Las Vegas office.
	4. At the recommendation of the consultant, developed a customer satisfaction survey. Management indicated the survey results are reviewed twice a month at staff meetings.
	5. In response to a recommendation by the consultant, management represents that it has begun the process of putting each staff member through state-sponsored customer service training. In addition, management stated they are following the consultant's recommendation to incorporate customer service expectations into the work performance standards for each staff member.
Document Security	1. Sensitive applicant information sent from Carson City to Las Vegas via interstate mail will be significantly reduced due to the transfer of the License Evaluator position.
	2. We observed staff's handling of sensitive documents in the Las Vegas office and found documents were not accessible to the general public.
Automated Application System	1. Developed a TIR to begin the process of implementing a fully automated application system.
	2. Management stated staff is working with other state agencies to determine the best method for accepting electronic fingerprints.
	3. Based on the consultant's recommendation to accept electronic transcripts, started the process to change regulations regarding the acceptance of an applicant's electronic transcripts.

Source: Auditor review of agency operations.

### Recommendations

1. Adopt regulations that establish a procedure for the notification, tracking, and monitoring of the status of criminal cases involving licensees, per NRS 391.055.
2. Revise procedures for tracking, monitoring, and revoking teacher licenses to provide for supervisory oversight and help ensure timely monitoring.

3. Revise written procedures to help ensure revocation case files include documentation of significant events and actions taken by agency personnel.
4. Revise policies and procedures to issue provisional licenses with a 120-day maximum and obtain a signed statement from all applicants indicating they understand the conditions under which the provisional license is issued.
5. Revise policies and procedures for tracking criminal history reports. This should include steps to help ensure timely and accurate entry of license information in the information systems, and management oversight.
6. Revise procedures to help ensure criminal history reports are reviewed timely.
7. Consult with legal counsel and develop a definition of moral turpitude to be applied to applicants and licensees that have been convicted of non-felony crimes.
8. Develop policies and procedures for reviewing and approving applications. This includes providing management information for monitoring the timeliness of reviewing applications.
9. Develop policies and procedures for the collection, safeguarding, and depositing of license fees.

# Controls Over Class-Size Reduction Program Could Be Improved

The Department could improve its controls over the class-size reduction program. We found the Department's oversight of class-size reduction plans and other class-size reduction information submitted by the school districts was not adequate. Better oversight would provide more accurate information to decision makers and stakeholders. Further, the process for distributing class-size reduction funds needs strengthening.

## Oversight of Class-Size Reduction Plans Can Be Enhanced

The Department's oversight of class-size reduction (CSR) plans can be enhanced. Our review found the Department did not receive sufficient information from the school districts regarding their CSR plans. Further, the Department did not require districts to provide plans that included items required by statute. The intended goal of the Legislature is to achieve certain pupil-teacher ratios in kindergarten and grades 1 through 3. Without sufficient oversight of CSR plans, there is an increased risk that school districts will not maximize progress towards achieving class-size reduction.

### **Information Provided to the Department Does Not Constitute a Class-Size Reduction Plan**

The school districts report quarterly class-size reduction information on a standardized form developed by the Department. A section of this form contains four questions about the district's class-size reduction plan. The Department considers this portion of the reporting form to be the district's class-size reduction plan. However, our review found the responses provided by the school districts do not constitute a plan.

The main question in the reporting form related to CSR plans directs the district to: "Briefly describe the class-size reduction

plan being implemented within the school to include how team teaching is used under the plan.” Our review found the districts’ replies provided little information about how class-size ratios would be reduced. Instead, they were often general comments about the current conditions. Listed below are examples of district responses to this question.

- *Schools have enough licensed personnel to cover class-size reduction without creating a plan or having to team teach.*
- *Team teaching is not used.*
- *Blank, question not answered.*
- *The district implements the CSR to the full specification of the law.*
- *The school currently utilizes all CSR and General Fund teachers in grades K-3 within self-contained classrooms as facilities allow.*
- *The District currently uses an alternative plan....By trying to keep class sizes as low as possible our goal is to increase academic achievement of students and to lower the number of student disciplinary issues.*
- *The District is using the alternative plan for grades 1-6. This allows for flexibility throughout the grade levels. The intended outcome is to show growth in student achievement.*
- *The school meets class size requirements. No action is needed.*

NRS 388.720 requires each school district to develop a plan to reduce the district’s pupil-teacher ratio in certain grades and submit that plan to the State Board. Because the Department asks the districts to provide a brief description of their plan rather than provide the actual plan, it does not know if the information provided is a brief description or if it is the entire plan.

### **Statutory Requirements for Plans Not Met**

State law lists specific items that must be included in a district’s plan. For example, all school districts are required to demonstrate



how they will reduce pupil-teacher ratios within the limits of available funding. In addition, NRS 388.710 requires the State Board to determine the data that must be monitored by each school district and used to measure the effectiveness of the implementation of the plan to reduce the pupil-teacher ratio. This data is to be reported to the State Board.

The Department has not determined what data school districts must monitor and use to measure the effectiveness of the implementation of their class-size reduction plan. The Legislature included this requirement in the State's class-size reduction program at inception during the 1989 Session. In response to our inquiries, the Department began the process to develop the required data. However, many districts have indicated they do not have data to measure the effectiveness of their plans.

In addition, districts in counties with a population under 100,000 are allowed to develop an alternative plan. Districts using an alternative plan must demonstrate the fiscal neutrality of their plan such that the plan will not cost more to carry out than a regular CSR plan. Further, the alternative plan must describe the method to be used to evaluate the effectiveness of the district's alternative plan.

Our review of information provided by all 17 school districts found:

- None of the 17 school districts demonstrated how pupil-teacher ratios would be reduced within the limits of available funding.
- None of the five school districts using an alternative class-size reduction plan demonstrated how their plan would not cost more to carry out than a regular CSR plan.
- None of the five school districts with an alternative class-size reduction plan described their method for evaluating the effectiveness of their program.

An underlying cause of the Department's inadequate review of CSR plans is that it has not developed policies and procedures for monitoring class-size reduction plans, but agreed it needs to develop them.

### **Class-Size Reduction Plans Could Be Improved by Providing Additional Guidance**

The Department could assist the districts in improving their class-size reduction plans by providing additional guidance on elements that could be included in CSR plans. We found CSR plans from other states had multi-year strategies designed for their sustainability and adaptability over a long-term timeline. Examples of elements in other states' plans that warrant consideration are:

- Strategies for achieving required pupil-teacher ratios in schools where the district has requested a variance;
- Measureable objectives, a list of activities to achieve the objective, and an evaluation method for measuring progress;
- Specific consideration of facility limitations (including support facilities) and strategies to maximize the use of current facilities;
- Potential policy changes that may need to be made in order to pursue a class-size reduction program;
- Projected enrollment and procedures for assigning students based on projected enrollment figures; and
- Recruitment and training activities for new teachers.

### **Better Monitoring of Class-Size Reduction Reports and Variances is Needed**

The Department did not effectively monitor quarterly class-size reduction reports and variance requests submitted by school districts. The board of trustees of each school district is required to report certain CSR information quarterly to the Department and make it available to the public on the district's website. These reports aid the Department in overseeing the CSR program. Further, Department staff summarize this information and submit it to the State Board and the Interim Finance Committee. We found instances when reports had errors and did not include all required information. Inaccurate reports submitted to decision makers reduce accountability over the State's CSR program.

### **Provision Allowing Higher Ratios Not Properly Enforced**

In recognition of the economic downturn, the Legislature made a change to the CSR funding requirements that became effective in

---

2010 (A.B. 4 of the 2010 Special Legislative Session) which was still in effect for fiscal years 2014 and 2015. Under the change, districts may elect to increase their pupil-teacher ratios in grades 1 to 3 by two students. This was to allow the districts the ability to address budget shortfalls within the districts and provide the districts flexibility in how class-size reduction funds were spent. If a school district elects to increase class size by two students in grades 1 to 3, the following three requirements apply:

1. All money that would have otherwise been expended by the school district to achieve the authorized class sizes for grades 1 to 3 must be used to minimize the impact of budget reductions on class sizes in grades 4 to 12.
2. The reduction of class sizes in grades 4 to 12 must be fiscally neutral such that the plan to reduce the ratios in those grades will not cost more to carry out than complying with the ratios for grades 1 to 3.
3. All plans and reports concerning class size made by the school district to the Department must include the pupil-teacher ratios achieved for each grade level, including grades 1, 2, and 3, and grades 4 to 12.

However, the Department did not develop a method for school districts to indicate if they chose the “plus two” student election. As a result, it did not know which districts had elected the “plus two” student waiver. In addition, it allowed variances for all districts to be based on two additional students per teacher. Yet, it did not enforce reporting requirements that are conditions of taking the “plus two” election. We reviewed testimonial and documentary evidence to verify Clark County and Washoe County had taken the “plus two” election. Therefore, the Department should have required at least these two districts to report pupil-teacher ratios for grades 4-12, and other requirements listed above.

### **Problems Noted With Variance Requests**

The Department did not adequately monitor the reports submitted by districts when pupil-teacher ratios were exceeded. Although the Department corrected many errors in reports made by the districts, certain errors were not identified. The undetected errors and other errors resulted in underreporting of pupil-teacher ratios

exceeding authorized maximums by at least 20% in seven districts, but was not significant on a statewide basis.

NRS 388.700 requires each school district with one or more elementary schools which exceed the authorized pupil-teacher ratio during any quarter to request a variance from the State Board for the next quarter and a detailed explanation of cause. For fiscal year 2014, a variance request was required when pupil-teacher ratios were above 21 to 1 in kindergarten, 16 to 1 in first and second grade, and 19 to 1 in third grade.<sup>2</sup> Our review of district CSR reports and variance requests for the first quarter of fiscal year 2014 noted exceptions with variances. This included:

- Improper Allowance. We found 61 instances when a variance should have been requested but was not because the Department allowed all districts to have a pupil-teacher ratio that was two students above the allowed limit. This two-student allowance should have only been applied to Clark County and Washoe County. The Department could not provide any documentation showing the other districts had elected the “plus two” provision. These 61 instances represent an underreporting of variances of 44% for the other 15 districts.
- Improper Calculation. We identified three districts that were incorrectly using the average daily attendance instead of enrollment as the numerator in their pupil-to-teacher ratios. After we recalculated the ratios using the appropriate student number (enrollment), we identified 23 additional variances that should have been requested. The number of variances reported by these three districts was 23% less than what it should have been.

In addition, we found the Department did not require districts to provide evidence that certain variances for kindergarten were approved by the district’s superintendent and reported to the Department, which is statutorily required. For example, one district had 82 kindergarten classes that were over 21:1, but less than 25:1, that should have been reported. We found no evidence the Department obtained required reports for any of the 82

---

<sup>2</sup> These are the ratios for school districts on the regular plan. For school districts on the alternative plan, ratios were 21 to 1 in kindergarten, 22 to 1 in grades 1-3, and 25 to 1 in grades 4-6.

variances. Also, 7 of 25 kindergarten classes from 3 other districts had ratios over 21:1 that were not reported as required.

NRS 388.700 authorizes the State Board of Education to grant variances to school districts from the limitation on the number of pupils per class for good cause. The Department must report all variances requested by the districts and all variances granted by the Board to the Interim Finance Committee on a quarterly basis. When variances reported are inaccurate and incomplete, these decision makers and other stakeholders do not have reliable information regarding class sizes. A contributing cause of the Department not detecting the errors was the lack of policies and procedures for reviewing variance requests.

## **Process for Distributing Class-Size Reduction Funds Has Control Weaknesses**

The Department's process for distributing class-size reduction (CSR) funds has control weaknesses. Specifically, the Department needs written policies and procedures for calculating how CSR funds are distributed to the school districts. Without written procedures and retention of key documents, CSR funds may not be distributed consistently from one year to another. Additionally, the Department did not communicate its funding expectations to the school districts, such as the minimum number of teachers they were expected to employ with CSR funds. This increases the risk that funds will not be used as intended.

### **No Written Policies and Procedures for How the Amount Distributed to Each District Is Calculated**

The Department is responsible for distributing \$381 million in CSR funds during fiscal years 2014 and 2015. Determining the amount distributed to each school district involves a very large number of calculations and data from many different sources. The types of data include projected student enrollment, baseline ratios, and average teacher salary and benefits for grades K-3 for each district. In spite of the complex nature of the calculations and significant amount of funds, the Department has not developed written policies and procedures for how and when to distribute these funds to the school districts.

In fiscal year 2014, about \$177 million was distributed to the school districts for the employment of teachers. Exhibit 4 shows

the amount distributed to each school district and the minimum number of teachers expected to be funded for fiscal year 2014.

**Fiscal Year 2014 CSR Distributions and Minimum Number of Teachers Funded** **Exhibit 4**

<b>School District</b>	<b>Amount Received</b>	<b>Minimum Number of Teachers Funded</b>
Clark	\$132,998,663	1,825.0
Washoe	24,576,914	336.0
Elko	5,151,211	68.0
Carson City	3,573,394	47.0
Lyon	2,592,522	35.0
Douglas	2,275,334	29.0
Nye	1,636,187	20.0
Churchill	1,290,978	15.0
Humboldt	1,313,129	17.0
White Pine	628,805	9.0
Pershing	331,309	4.0
Lander	295,485	3.0
Storey	259,811	3.0
Mineral	200,568	3.0
Lincoln	77,916	1.0
Eureka	50,361	0.5
Esmeralda	0 <sup>(1)</sup>	0.0
<b>Total</b>	<b>\$177,252,587</b>	<b>2,415.5</b>

Source: State accounting system and Department spreadsheet.

<sup>(1)</sup> Esmeralda County School District does not qualify for CSR funds due to its small class sizes.

Our analysis of the spreadsheet for fiscal year 2014 distributions found the following control weaknesses:

- **No Review to Verify Calculations Are Accurate.** One employee was responsible for performing all calculations, without review or approval from a second employee. There are a total of 14 worksheets in the spreadsheet. Each worksheet has hundreds of cells that require entry of either data, a formula, or a link to another cell. Without review of work performed, there is an increased risk of errors in the amounts allocated to school districts.

- **Lack of Supporting Documents.** Supporting documentation was not retained for key figures and estimates used in the distribution calculation. For example, there were no documents to support how the average teacher salary was determined for each of the school districts.

Internal control standards state no one individual should control all key aspects of a transaction or event, and all documentation and records should be properly maintained.

### **Improved Communication of Funding Expectations Needed**

The Department did not clearly communicate funding expectations to the school districts. Specifically, school districts were not adequately informed about the minimum number of teachers expected to be funded by their portion of the CSR funds.

Furthermore, the districts were not made aware of the average teacher salary figures used by the Department in calculating the distribution amount for each district.

For the current biennium, the Legislature funded the CSR program to employ a statewide minimum of 2,415 teachers in fiscal year 2014 and 2,548 teachers in fiscal year 2015. The Department estimated average teacher salaries based on payroll data for each school district in order to allocate the districts' share of the CSR funds. Each district's portion of CSR funds was intended to fund a minimum number of teachers towards the statewide minimum determined by the Legislature.

Our survey of seven school districts revealed four districts were unaware of the minimum number of teachers expected to be employed with their portion of the CSR funds. These same districts were also unaware of the average teacher salary used by the Department to allocate their share of the CSR funds. Without proper communication, there is an increased risk CSR funds will not be used by school districts as intended and CSR program goals will not be achieved.

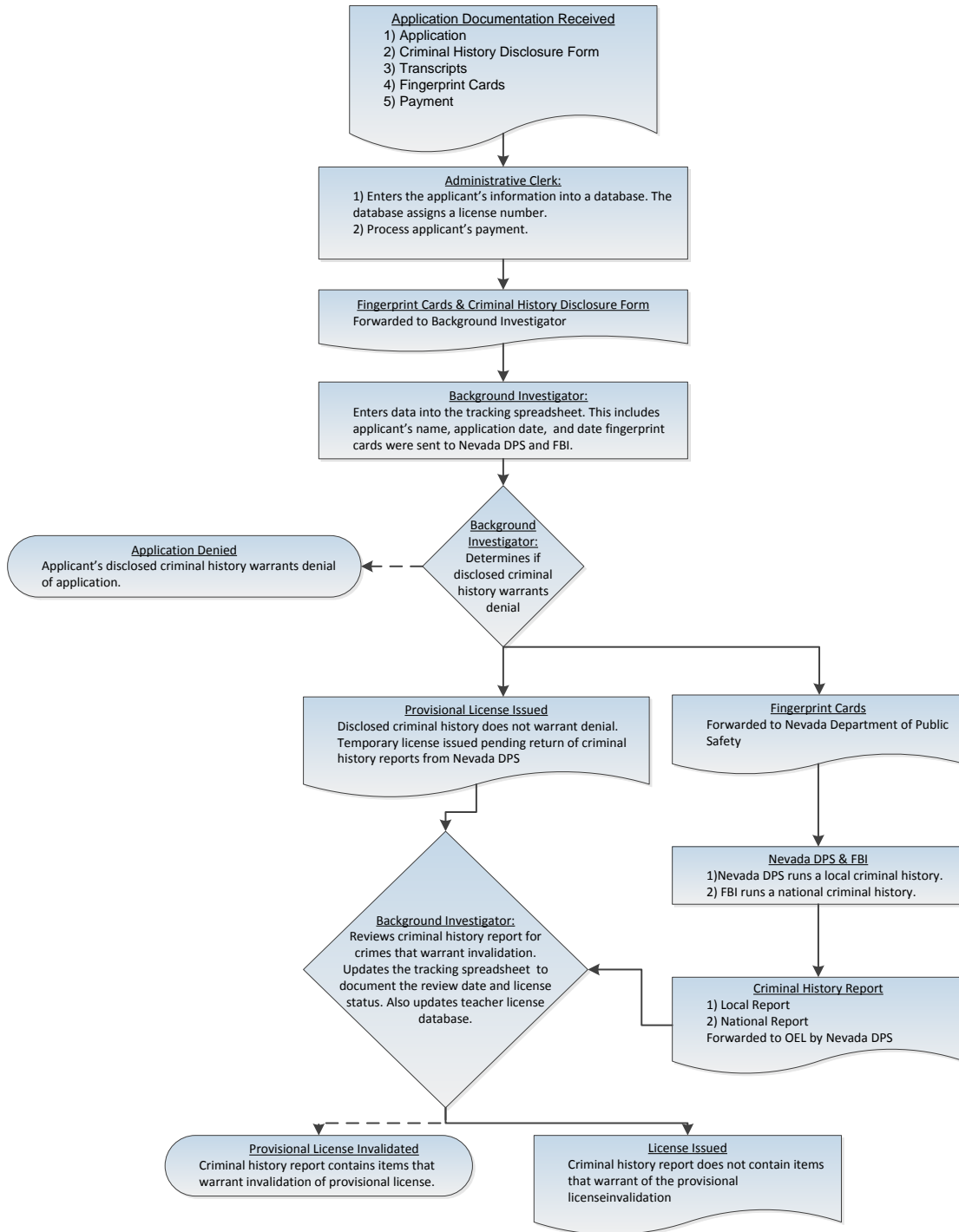
## **Recommendations**

10. Provide guidance to the school districts in developing a class-size reduction plan that includes all statutorily-required elements and considers elements used by other states.
11. Develop policies and procedures for monitoring class-size reduction plans. This includes steps to help ensure class-size reduction plans are properly reviewed.
12. Determine the data that must be monitored by each school district and used to measure the effectiveness of the implementation of its plan to reduce pupil-teacher ratios.
13. Develop a method for determining which school districts have elected the “plus two” provision and inform those districts of the additional reporting requirements.
14. Develop policies and procedures for monitoring class-size reduction reports submitted by the school districts. This should include steps to help ensure the reports contain all required information and are accurate.
15. Provide guidance to the school districts regarding CSR reporting requirements.
16. Develop policies and procedures for reviewing variance requests to ensure reporting requirements are met.
17. Develop policies and procedures for the distribution of class-size reduction funds. This includes retention of supporting documents and review of work performed to determine amounts allocated to the school districts.
18. Communicate the annual class-size reduction funding expectations to the school districts, including the minimum number of teachers funded.



# Appendix A

## Flowchart of the Criminal History Background Check Process for Educator Licensing



Source: Auditor observations and review of agency records.

# Appendix B

## Audit Methodology

To gain an understanding of the Department of Education, we interviewed staff and reviewed statutes, regulations, and policies and procedures significant to the Department's operations. We also reviewed financial information, prior audit reports, budgets, legislative committee minutes, and other information describing Department activities. Further, we documented and assessed internal controls over the Office of Educator Licensure and the class-size reduction program.

To evaluate the revocation process of the Office of Educator Licensure (Office), we reviewed the license revocation files for all 13 licensees arrested or convicted of a felony during our audit. For each revocation case, we documented the arrest date, the date the Department was notified, and calculated the number of days it took for notification. Furthermore, we determined how the Department was notified of the licensee's arrest. We also determined the court case disposition date, the date the Department requested the State Board revoke the license, the license revocation date, and the number of days between the key dates. We also reviewed each file to determine if it included all statutorily required information.

To evaluate the process for tracking background checks and reviewing criminal history reports, we compared the Office's tracking spreadsheet to the Office's licensure database and identified discrepancies. From the tracking spreadsheet, we calculated the average processing time for all criminal history reports processed between July 2012 and December 2013. Further, we reviewed state laws to identify potential non-felony crimes of moral turpitude. We compared our list to criminal history information in the Office's database to identify licensees who may have committed crimes constituting moral turpitude. Additionally, we physically observed and documented the backlog of criminal

---

history reports submitted to the Office by the Department of Public Safety.

To evaluate the application process, we judgmentally selected 100 approved applications. Judgment was based on selecting applications for an initial license; at least 12 approved applications for each of the four analysts; and applications approved between October 2012 and December 2013. For each selection, we documented the date the license was submitted and the date it was approved, and we calculated the number of days to process the application.

To evaluate the Office's process for revenue collections, we judgmentally selected 25 deposits from the state accounting system. Judgment was based on deposits made during fiscal years 2013 and 2014 that exceeded \$10,000, with at least 10 deposits made in Carson City. For each deposit, we reviewed supporting documentation to verify it was made timely and properly recorded. To determine operational improvements made by the Office, we reviewed reports submitted by consultants and discussed applicable issues with Office staff and management. We substantiated management representations through observations and review of supporting information.

To evaluate the Department's process for monitoring class-size reduction plans, we obtained the CSR planning information submitted by all 17 school districts during the first and second quarters of fiscal year 2014. We reviewed each district's plan for compliance with statutory requirements. Next, we reviewed five plans from jurisdictions in other states (California, Florida, New Jersey, and New York) to identify elements that should be considered by the Department when developing guidance to school districts about CSR plans.

To evaluate the Department's process for monitoring class-size reduction reports and variances, we obtained the reports and variance requests for the first quarter of fiscal year 2014 for each of the 17 school districts. We reviewed the reports for mathematical accuracy and identified all instances when a district exceeded the applicable pupil-teacher ratio. Next, we compared

the instances when a district exceeded the allowed pupil-teacher ratio to the variance requests submitted by each district. Finally, we discussed the process for monitoring quarterly reports and variance requests with Department staff and management.

To evaluate controls over the distribution of class-size reduction funds, we obtained copies of the Department's distribution calculations for fiscal years 2013 and 2014. We reviewed the distribution spreadsheet for reasonableness and traced certain data to available supporting documents. Further, we discussed the funding expectations associated with the statewide class-size reduction program with management and staff from seven school districts.

For our tests involving samples, we used nonstatistical audit sampling, which was the most appropriate and cost effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provided sufficient appropriate audit evidence to support the conclusions in our report. We have not projected the errors noted in our samples to the population because our samples included randomly and judgmentally selected items. Judgmental selections were made based on an analytical review of data and known risk factors such as high dollar value items. Since a portion of our sample was based on these risk factors we do not think a projection of the errors would be appropriate.

Our audit work was conducted from October 2013 to June 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Superintendent of Public Instruction. On

November 3, 2014, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix C which begins on page 34.

Contributors to this report included:

Dennis Klenczar, CPA  
Deputy Legislative Auditor

Rick Neil, CPA  
Audit Supervisor

Eugene Allara, CPA  
Deputy Legislative Auditor

David M. Steele, CPA, MPA  
Deputy Legislative Auditor

# Appendix C

## Response From the Department of Education

**BRIAN SANDOVAL**  
*Governor*

**DALE A.R. ERQUIAGA**  
*Superintendent of Public  
Instruction*

STATE OF NEVADA



**SOUTHERN NEVADA OFFICE**  
9890 S. Maryland Parkway, Suite 221  
Las Vegas, Nevada 89183-7168

(702) 486-6458  
Fax: (702) 486-6450  
<http://teachers.nv.gov>

**DEPARTMENT OF EDUCATION**  
700 E. Fifth Street  
Carson City, Nevada 89701-5096  
(775) 687-9200 · Fax: (775) 687-9101  
[www.doe.nv.gov](http://www.doe.nv.gov)

November 12, 2014

Mr. Paul Townsend, CPA  
Legislative Auditor  
Nevada Legislative Counsel Bureau  
401 South Carson Street  
Carson City, NV 89701-4747

Dear Mr. Townsend:

I have had the opportunity to review the Legislative Counsel Bureau's draft Audit Report completed for the Department of Education. Based upon my review of the findings, I accept the nine recommendations relating to the Office of Educator Licensure, as well as the nine recommendations relating to the State's class-size reduction (CSR) program.

I am pleased to report that the Department has already made substantial progress in correcting the deficiencies relating to the Office of Educator Licensure. I look forward to discussing these changes with the Audit Subcommittee. With regard to the findings of the CSR program, we are in the beginning stages of addressing these long-standing issues and will have our plan of corrective action developed by the end of December 2014. I have attached a detailed response to each of the eighteen recommendations.

On behalf of the Department, I would like to thank you and your staff for their dedicated work and professionalism throughout this process. I was newly appointed when the audit began, and I welcomed this process. I appreciate the thorough review and the recommendations included in the report. I believe our response to the findings will greatly enhance the CSR program by improving the plans and outcome measures of the program. In addition, we have already observed improvement in the operations and customer service of the Office of Educator Licensure.

Please contact me if you have any questions or need clarification to this response.

Respectfully yours,

  
DALE A.R. ERQUIAGA  
Superintendent of Public Instruction

Copy:

Jackie Bryant, Deputy Chief of Staff to Governor Sandoval  
Greg Ott, Deputy Attorney General  
Mindy Martini, Deputy Superintendent, Business and Support Services  
Steve Canavero, Deputy Superintendent, Student Achievement  
Dena Durish, Director, Educator Effectiveness and Family Engagement  
Jason Dietrich, Office of Educator Licensure  
Robin Pawley, District Support Services  
Dana Embro, District Support Services

**RESPONSE TO LCB 2014 AUDIT  
NEVADA DEPARTMENT OF EDUCATION**

**Recommendation 1:** Adopt regulations that establish a procedure for the notification, tracking and monitoring of the status of criminal cases involving licensees, per NRS 391.055.

**Response:** The Department has started the process for the adoption of such regulations within NAC, and recently held a workshop/public hearing to create/adopt said regulations (summer 2014). Upon final approval of the language, the regulation will move forward in the process to codification.

**Recommendation 2:** Revise procedures for tracking, monitoring, and revoking teacher licenses to provide for supervisory oversight and help ensure timely monitoring.

**Response:** Procedures have been in place since July 1, 2014, to ensure all duly warranted revocation actions are processed timely and without fail. The Office of Educator Licensure (OEL) currently has eight pending revocation requests to be heard by the State Board of Education, and is tracking five arrest cases within the court system, which puts OEL in full compliance.

**Recommendation 3:** Revise written procedures to help ensure revocation case files include documentation of significant events and actions taking by agency personnel.

**Response:** To ensure proper program monitoring, the OEL previously assigned the background check duties to an Administrative Assistant III, but has recently assigned them to an Educator Licensure Analyst in coordination with the Licensure Program Officer III to ensure proper program monitoring, file documentation, and timely suspension/revocation processing.

**Recommendation 4:** Revise policies and procedures to issue provisional licenses with a 120-day maximum and obtain a signed statement from all applicants indicating they understand the conditions under which the provisional license is issued.

**Response:** During the period of this audit, OEL issued licenses provisionally for background processing for a term of 365 days. This process was adopted by a prior Superintendent of Public Instruction/prior Director of Educator Licensure, and was discontinued as of July 1, 2014. The OEL no longer issues licensure provisionally for background review, as the intent of the provisional regulation (NAC 391.033) was for the provisional issuance to be an exception to the rule and granted as such by the Superintendent of Public Instruction. There are currently less than 100 active licenses with the aforementioned provision, and they are strictly monitored weekly for background compliance, as many of them required additional background investigation.



**RESPONSE TO LCB 2014 AUDIT  
NEVADA DEPARTMENT OF EDUCATION  
PAGE 2**

**Recommendation 5:** Revise policies and procedures for tracking criminal history reports. This should include steps to help ensure timely and accurate entry of license information in the information systems, and management oversight.

**Response:** During the period of audit, the tracking methods in place for Criminal History were deficient in numerous areas, and contained incorrect/inaccurate data. As of July 1, 2014, the entire business process for background tracking/processing has been updated to meet statutory/regulatory requirements, as well as Department of Public Safety (DPS) Best Practices for the handling of Criminal History Repository Information (CHRI). Each applicant background report is tracked with all required information and undergoes a double verification at all points in the background handling process. Any/all errors are virtually eliminated with this process, and the integrity of the information is therefore maintained.

**Recommendation 6:** Revise procedures to help ensure criminal history reports are reviewed timely.

**Response:** The audit findings reference extensive timeframes between background check receipt and review for licensure. Since July 1, 2014, all received CHRI documents from DPS are sorted, logged, reviewed and processed within five business days from receipt. Within this process, it is now a practice for the Educator Licensure Analyst in coordination with the Licensure Program Officer III to match all hard application files with the appropriate CHRI and perform a secondary verification of proper receipt and content of CHRI, then physically sign-off on the authorization within the application file for the Licensure Analyst assigned the caseload to proceed with eligibility review and licensure approval/denial based on qualifications.

**Recommendation 7:** Consult with legal counsel and develop a definition of moral turpitude to be applied to applicants and licensees that have been convicted of non-felony crimes.

**Response:** All records found within the CHRI relating to applicants and licensees are reviewed by the Educator Licensure Analyst in coordination with the Licensure Program Officer III utilizing the new Criminal History Review Matrix developed under NAC 391.033. This Matrix is authorized by the Superintendent of Public Instruction and reviewed by the agency Deputy Attorney General. This Matrix guides staff as to licensure disqualifications for felonies and infractions involving Morale Turpitude. After extensive review, the files are sent for processing, held for further investigation, or denied under NAC 391.033. As of the date of this response, there is no backlog of application files awaiting CHRI Reports for processing or review.

**RESPONSE TO LCB 2014 AUDIT  
NEVADA DEPARTMENT OF EDUCATION  
PAGE 3**

**Recommendation 8:** Develop policies and procedures for reviewing and approving applications. This includes providing management information for monitoring the timeliness of reviewing applications.

**Response:** The audit found application processing times to be excessive, with processing times from 23-50 days for the sampling. During the timeframe of the audit, prior management was short-staffed in some areas, and this along with poor business practices, caused the processing times to suffer. During this period all licenses were issued provisionally, so the processing delays were not attributed to background processing in any way. The OEL presently differentiates its processing time from the date the CHRI is received and processed, as no applications are processed until the background process is complete. As of the date of this response, OEL has a 4-week background processing time and a 2-3 week application processing time from date of background processing. While the processing time appears to be in the same range as the audit period, it is a more efficient, customer-friendly process, and ensures the licensure of only those who have successfully completed the mandatory background check pursuant to NAC 391.033, which reduces the ineligible licenses that would require the suspension/revocation process to be utilized.

**Recommendation 9:** Develop policies and procedures for the collection, safeguarding, and depositing of license fees.

**Response:** The audit identified untimely depositing procedures, as well as inconsistent processing timeframes. In addition, the funds handling processes were inconsistent with state law. Since July 1, 2014, OEL records all payments received daily in a deposit spreadsheet and secures the payments. Deposits are made at an interval of every two days or an accrued amount of \$10,000.00, whichever occurs first. All revenues collected are in the form of cashier's check or money order and are properly endorsed at time of acceptance/receipt from the applicant. All deposits are performed via electronic deposit and all supporting deposit material is sent to Business and Support Services for audit and reconciliation on the day of deposit, which is verified by the Licensure Program Officer III or the Division of Educator Effectiveness Administrative Assistant IV prior to being sent.

**Recommendations 10 and 11:** Provide guidance to the school districts in developing a class-size reduction (CSR) plan that includes all statutorily-required elements and considers elements used by other states. In addition, develop policies and procedures for monitoring CSR plans. This includes steps to help ensure CSR plans are properly reviewed.

RESPONSE TO LCB 2014 AUDIT  
NEVADA DEPARTMENT OF EDUCATION  
PAGE 4

**Response:** NRS 388.720 requires the development of a CSR plan by school districts. Staff is currently researching elements of CSR utilized by other states. In addition, the auditors provided the Department with a list of best practice elements of a CSR plan, which is useful. The elements to be included in the CSR plan will be discussed at the December 2014 meeting of the State Board of Education. Based upon the research, policies and procedures will be developed relating to CSR plans and guidance will be provided to the school districts.

**Recommendation 12:** Determine the data that must be monitored by each school district and used to measure the effectiveness of the implementation of its plan to reduce pupil-teacher ratios.

**Response:** NRS 388.710 requires the State Board, in consultation with the school district boards of trustee, recognized education associations, and the public, to determine data that must be monitored by school districts to measure the effectiveness of the CSR plan. This discussion will begin at the December 2014 meeting of the State Board.

**Recommendation 13:** Develop a method of determining which school districts have elected the "plus two" provision and inform those districts of the additional reporting requirements.

**Response:** The Department has received input from the school districts noting whether they are utilizing the "plus two" provision authorized by Senate Bill 522 (Chapter 382, *Statutes of Nevada*, 2013). From this point forward, school districts will provide this information on updated CSR reporting forms. Senate Bill 522 provides that when the "plus two" provision is elected, funding saved by the election must be used to minimize the impact of budget reductions on class sizes in grades 4-12. School Districts have been notified of this provision and the Department is currently determining data that should be submitted to demonstrate the impact of the program.

**Recommendations 14 and 15:** Develop policies and procedures for monitoring CSR reports submitted by the school districts. This should include steps to help ensure the reports contain all required information and are accurate. In addition, provide guidance to the school districts regarding CSR reporting requirements.

**Response:** The Department is reviewing the current CSR report format and will revise, as appropriate. Policies and Procedure will be approved containing the required information and

**RESPONSE TO LCB 2014 AUDIT  
NEVADA DEPARTMENT OF EDUCATION  
PAGE 5**

timeliness of the reports. Staff will review the reports as they are received for completeness and will work with the school districts in cases where the reports are incomplete.

**Recommendation 16:** Develop policies and procedures for reviewing variance requests to ensure reporting requirements are met.

**Response:** Pursuant to NRS 388.700, each school district that exceeds the approved CSR ratio for a school must request a variance from the State Board by providing a written statement that includes the reasons for the request and justification. The State Board, after review of the variance request, may grant the request. Currently, the Department is drafting policies and procedures relating to CSR variance requests to present to the State Board at its December 2014 meeting.

**Recommendation 17:** Develop policies and procedures for the distribution of CSR funds. This includes the retention of supporting documents and review of work performed to determine amounts allocated to the school districts.

**Response:** Policies and procedures relating to the distribution of CSR funds are currently being drafted by the Department's Office of Business and Support Services.

**Recommendation 18:** Communicate the annual CSR funding expectations to the school districts, including the minimum number of teachers funded.

**Response:** Information relating to the number of teachers funded for each school district has been communicated to school districts for Fiscal Year 2015. As part of the policies and procedures concerning the distribution of CSR funds, such communication will be required and reviewed on an on-going basis.



## Department of Education's Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Adopt regulations that establish a procedure for the notification, tracking, and monitoring of the status of criminal cases involving licensees, per NRS 391.055 .....	<u>    X    </u>	<u>          </u>
2. Revise procedures for tracking, monitoring, and revoking teacher licenses to provide for supervisory oversight and help ensure timely monitoring .....	<u>    X    </u>	<u>          </u>
3. Revise written procedures to help ensure revocation case files include documentation of significant events and actions taken by agency personnel .....	<u>    X    </u>	<u>          </u>
4. Revise policies and procedures to issue provisional licenses with a 120-day maximum and obtain a signed statement from all applicants indicating they understand the conditions under which the provisional license is issued .....	<u>    X    </u>	<u>          </u>
5. Revise policies and procedures for tracking criminal history reports. This should include steps to help ensure timely and accurate entry of license information in the information systems, and management oversight .....	<u>    X    </u>	<u>          </u>
6. Revise procedures to help ensure criminal history reports are reviewed timely .....	<u>    X    </u>	<u>          </u>
7. Consult with legal counsel and develop a definition of moral turpitude to be applied to applicants and licensees that have been convicted of non-felony crimes.....	<u>    X    </u>	<u>          </u>
8. Develop policies and procedures for reviewing and approving applications. This includes providing management information for monitoring the timeliness of reviewing applications .....	<u>    X    </u>	<u>          </u>
9. Develop policies and procedures for the collection, safeguarding, and depositing of license fees .....	<u>    X    </u>	<u>          </u>
10. Provide guidance to the school districts in developing a class-size reduction plan that includes all statutorily-required elements and considers elements used by other states... ..	<u>    X    </u>	<u>          </u>
11. Develop policies and procedures for monitoring class-size reduction plans. This includes steps to help ensure class-size reduction plans are properly reviewed.....	<u>    X    </u>	<u>          </u>
12. Determine the data that must be monitored by each school district and used to measure the effectiveness of the implementation of its plan to reduce pupil-teacher ratios.....	<u>    X    </u>	<u>          </u>

Department of Education’s Response to Audit Recommendations  
(continued)

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
13. Develop a method for determining which school districts have elected the "plus two" provision and inform those districts of the additional reporting requirements .....	<u>    X    </u>	<u>          </u>
14. Develop policies and procedures for monitoring class-size reduction reports submitted by the school districts. This should include steps to help ensure the reports contain all required information and are accurate .....	<u>    X    </u>	<u>          </u>
15. Provide guidance to the school districts regarding CSR reporting requirements .....	<u>    X    </u>	<u>          </u>
16. Develop policies and procedures for reviewing variance requests to ensure reporting requirements are met .....	<u>    X    </u>	<u>          </u>
17. Develop policies and procedures for the distribution of class-size reduction funds. This includes retention of supporting documents and review of work performed to determine amounts allocated to the school districts .....	<u>    X    </u>	<u>          </u>
18. Communicate the annual class-size reduction funding expectations to the school districts, including the minimum number of teachers funded .....	<u>    X    </u>	<u>          </u>
TOTALS	<u>    18    </u>	<u>          </u>