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Joint Committee On Legislative Audits

Secretary of State Audit 2019-01: Oregon Department of Education and Portland Public Schools

Colt Gill, Director, ODE
May 22, 2019

- Agreed with all 11 recommendations
- Assigned staff and developed work plans to accomplish all recommendations
- Recommendation 7 – consolidating initiatives, will require the support of the Legislature and Governor
- Passage of HB 3427 – The Student Success Act, will provide resources to accomplish the tasks



Gubernatorial Convening on School District Fiscal Management and Transparency:

Recommendations to
Governor Brown and the
State Board of Education

February 2019



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Governor's Charge

“...development of a set of rigorous guidelines for the state to implement to improve fiscal management at the district level.”

Although both ODE and PPS are taking specific actions to address each of the recommendations of the SOS January Audit, the recommendations from this convening also address 9 of the SOS recommendations:

- Recommendation 1 (ODE): Evaluate K-12 Spending Trends
- Recommendation 2 (ODE): Benchmark Spending Against Peers
- Recommendation 3 (PPS): Report on Potential Savings Areas
- Recommendation 4 (PPS): Benchmark Spending Against Peers
- Recommendation 5 (PPS): Make its Budget More Clear and Transparent To the Public
- Recommendation 6 (PPS): Improve Controls Over Purchasing Card Use
- Recommendation 14 (ODE): Best-Practice Performance Management
- Recommendation 15 (ODE): Consistent Oversight and Support for Grant Managers
- Recommendation 24: (PPS): Adopt Policies and Practices That Ensure Strong Management of Contract and Grant Performance

Convening Members

- Governor Kate Brown
- Lindsey Capps, Governor's Education Policy Advisor and Chief Education Officer*
- Anthony Veliz, Chair, State Board of Education
- John Rexford, Commissioner, Quality Education Commission*
- Colt Gill, Director, ODE*
- Rick Crager, Assistant Superintendent of the Office of Finance and Information Technology, ODE*
- Mike Wiltfong, Director of School Finance and Facilities, ODE*
- Lindsay Malinowski, Financial Analyst, ODE*
- Mark Mayer, Government and Legal Affairs, ODE*
- Guadalupe Guerrero, Superintendent, PPS
- Clair Hertz, Deputy Superintendent, Business & Operations, PPS*
- Christy Perry, Superintendent, Salem-Keizer SD
- Randy Schild, Superintendent, Tillamook SD*
- Michelle Morrison, Chief Financial Officer, Hillsboro SD*
- Larry Grant, Independent Municipal Auditor, CPA, and Partner at Grove, Mueller & Swank P.C.*
- Koreen Barreras-Brown, Superintendent, Colton SD*
- Darin Drill, Superintendent, Cascade SD*
- Bob Stewart, Superintendent, Gladstone SD
- Mark Witty, Superintendent, Baker SD
- Tim Sweeney, Superintendent, Coquille SD
- Paul Coakley, Superintendent, Centennial SD
- Tenneal Wetherell, Superintendent, South Coast ESD
- LeeAnn Larson, Board Member, Beaverton SD
- Maureen Wolf, Board Member, Tigard-Tualatin SD
- Dave Hollandsworth, Board Member, Tillamook SD
- Angie Peterman, Executive Director, OASBO*
- Craig Hawkins, Executive Director, COSA
- Jim Green, Executive Director, OSBA
- Laurie Wimmer, Government Relations Consultant, OEA

- State Requirements:
 - Annual Independent Financial Audits
 - Adherence to Local Budget Law
 - School-Level Expenditure Reporting
 - Local Data Analytics Reporting
- Federal Requirement:
 - Federal Uniform Guidance – Single Audit

District Variations

- Oregon is home to 197 school districts and 19 ESDs.
- This creates standardization challenges with districts ranging in size from serving 50,000 students to fewer than 10 students.
- Due to these variances, it is difficult to establish a one-size-fits-all model, whether with financial standards or performance measures, that can be implemented and maintained in every district.



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Recommendation 1

Give parents, communities, and the public transparency into spending by all school districts

Partner with a data analytics provider to report to the public on school district expenditures, public reports or dashboards to illuminate how districts are spending public resources.



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Recommendation 2

Ensure education funding is benefiting students and improving outcomes.

- The development of academic return on investment (AROI) models for all school districts.
- Establish a coalition between the ODE, leading school districts and ESDs, and K-12 stakeholder organizations to implement these models and bring this practice to scale across the state.



Recommendation 3

Ensure taxpayer dollars are spent responsibly.

- Establish models for business and operations reviews or increase internal auditing capacity for districts. This includes, but will not be limited to, advising and recommending on:
 - Best practices that ensure public officials and administrators are trained on fiscal transparency and management;
 - Strategies that implement and establish internal control functions where practical, feasible, and beneficial; and
 - Steps in developing and effectively using audit committees to oversee district risk assessments and establish priorities for review, audit, and/or examination.



Recommendation 4

Hold districts accountable for strong fiscal management and transparency at all levels.

- Provide superintendents, principals, and other administrators with stronger understanding and accountability for dollars spent.
- Review current administrator standards for inclusion of specific standards related to fiscal accountability and management. Improve current standards or set standards where they do not exist.
- Update administrator pre-service and in-service training to include professional learning regarding fiscal transparency, management, and accountability.



Recommendation 5

Set higher standards for responsible school district spending practices and fiscal controls by publishing a statewide best practices fiscal management guide.

- A best practices guide could be updated annually, posted online, and available as a resource for all districts to access. The manual would be helpful for new business managers, superintendents, principals, and audit committee members. For example, as identified in the SOS audit, the guide could provide steps for how credit or purchasing card policies and practices used by the districts, should be reviewed to assess risk. The best practices guide shall specifically address guidance related to:
 - *The establishment of district audit committees to provide active oversight, risk assessment, documentation of specific internal audit or review activities, and to set priorities for internal controls.*
 - *The provision for the training of new and existing school board, budget committee, and audit committee members on fiscal management and transparency practices.*
 - *Best practices direction for school administrator annual performance reviews at the district level to include feedback on fiscal management, accountability, and decision-making.*



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