

OVERVIEW

Fiscal Accountability of the Department of Education: Tracking Responsibility for Utility Costs

Report No. 99-16, April 1999

Summary

This is the fifth annual fiscal accountability report of the Department of Education required by Section 302A-1004, Hawaii Revised Statutes. In this report, we review and assess the shifting of responsibility for paying utility bills from the state office to the school level. Our review includes an assessment of the adequacy of the department's allocations of electricity and telephone funds to schools. We also determine whether the department maintains complete and accurate telephone, electricity, sewer, gas, and water cost records by location.

We found that the Department of Education has shifted the responsibility for paying electricity and telephone costs to the schools, but for what end result has not been made clear. Consequently a potential benefit was negated, school accountability has been compromised, and energy conservation efforts are unclear. In addition, schools report that administrative support has not been provided for the additional workload of paying telephone and electricity costs. We also found that the department's expenditure reports do not provide complete and accurate utilities expenditures by location. Consequently, a clear picture of the department's actual utility costs cannot be gleaned from these reports. Lacking this picture, the department and the schools will have difficulty budgeting for those costs effectively and the department may have difficulty defending its budget request to the Legislature. Finally, in FY1996-97 and FY1997-98, some schools did not receive sufficient allocations to cover their electricity costs. Schools should receive enough funding to pay for their electricity costs, within reasonable limits established by the department.

Recommendations and Response

We recommended that the Department of Education review the decision to shift responsibilities for telephone and electricity costs to the schools, assess the impact of this decision, establish objectives as appropriate, and ensure that any responsibilities given to the schools are accompanied by sufficient resources and support. We also recommended that the department standardize an expenditure and encumbrance report for each of the utility Object Codes sorted by Organization ID and Program ID for use by the utility program managers, schools, and the public to track complete utility expenditures. We recommended that the department ensure that schools are using the correct Object Codes to code their utility expenditures. Finally, we recommended that as part of future budget requests for the electricity program, the department present to the Legislature a complete and accurate forecast of the department's electricity needs.

The Department of Education responded that it will take actions, as best it can within budgetary constraints, to comply with our recommendations. It also provided additional comments on each of our recommendations.

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