

OVERVIEW

Audit of the Department of Education's Special Education Equipment

Report No. 03-08, May 2003

Summary

The Department of Education is required to provide specially designed instruction to meet the unique needs of special education students. To meet these needs, the department may purchase such special education equipment as computers, therapeutic devices, learning adaptive equipment, and physical therapy equipment as specified in students' Individualized Education Program plans. To account for these instructional and program support services, in FY1999-2000, the Legislature created a program identifier in the state budget specifically referred to as EDN 150 (Comprehensive School Support Services). Since the creation of EDN 150, the department has spent over \$13.8 million in special education equipment.

We found that the department's lax management has resulted in its failure to account for over \$2.2 million in special education equipment and funds. Inventory accountability reports were inaccurate or not properly monitored. As of December 2002, 79 schools and 31 departmental offices had not certified that their 2002 annual physical inventories were conducted. In addition, of the 150 items of special education equipment we inventoried at 15 schools across the state, 91 (61 percent) were either not at the location indicated on the inventory report or had missing or incorrect state decal and/or serial numbers. We also found over \$2.2 million of special education equipment that had not been physically inventoried for years. Despite this, the superintendent of education has submitted reports to the State Procurement Office attesting to the department's accountability over its fixed assets.

The department's lack of adequate internal controls over special education equipment and funds means that the public is not assured that these assets are adequately safeguarded and that errors and fraud are promptly detected and prevented. There are no procedures to hold department personnel accountable, and special education equipment have been lost due to negligence. For example, a special education teacher left a laptop computer in an unsecured box under her classroom desk while on extended leave. When she returned, she found the computer was missing. Despite the school's effort to hold the teacher liable for the loss, the school administration was advised against such action. We also found that some schools reduced their chances of recovering missing or stolen equipment because they failed to promptly report incidents of theft or loss. For example, we found that five laptop computers at one school were either stolen or missing over the past two years but the school still had not notified the department of the theft. In addition, we found that special education equipment and funds have been inappropriately used for regular education. Finally, we found that the process to redistribute laptop computers for the Integrated Special Education (ISPED) information system was time-consuming and inefficient. After five months into



the 2002-03 school year, the department still had not completed the redistribution of 63 laptop computers among special education classroom teachers in the seven school districts.

The department's lax management may not be limited to special education equipment—it may also extend to all the department's fixed assets. Without adequate monitoring and enforcement of inventory management procedures, the department cannot ensure the effective stewardship of \$373 million in fixed assets.

Recommendations and Response

We recommended that the department update its inventory records and ensure that annual physical inventories are accurately and consistently performed. These inventory reports should be properly monitored to ensure compliance with the department's property inventory guide. We further recommended that the department establish policies and procedures to hold personnel liable for any negligent loss of special education equipment and to provide better guidance to the schools and offices on the importance of inventory management. Finally, we recommended that the department develop a more efficient and effective method for redistributing laptop computers for the ISPED information system.

The department agreed with our findings and recommendations. The department noted that corrective actions would be taken to ensure accountability over all of the department's equipment and fixed assets.

**Marion M. Higa
State Auditor
State of Hawaii**

Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813
(808) 587-0800
FAX (808) 587-0830