

Introduction

Millions of students attend and have graduated from an Ohio public school. For many years the public education system has been a critical piece in ensuring the education and advancement of our youth. Today, the Ohio Department of Education (ODE or Department) oversees more than 600 public school districts, 49 joint vocational school districts, and 325 public community and STEM schools. ODE is also responsible for monitoring 51 educational service centers, early learning programs, and approximately 700 state-chartered nonpublic schools.

The Department's overarching goal is to develop state-level education policies and promote high-quality educational practices across the state. ODE is also responsible for the school funding system; administering state achievement tests; professional development training for educators, administrators, and other school personnel; and licensing educational personnel, among several other tasks. All of these responsibilities are important in keeping Ohio's public education system on target with student achievement, as well as technological training and advancement. ODE strives to ensure equity among students, participation of parents and caregivers, and quality schools within our communities, all to build Ohio's future and have students become positive contributors to society.

The Ohio Auditor of State is required to complete four performance audits of state agencies or institutions of higher education during each biennium.¹ In 2019, the Ohio General Assembly passed House Bill 166 (HB166), the state operating budget. Section 701.43 of the legislation requires that the Auditor of State's Ohio Performance Team (OPT) complete a review of the efficiency and effectiveness of selected offices and programs within ODE. This performance audit seeks to improve the operations of ODE in particular areas of the agency.²



NOTE TO REPORT USERS:

This performance audit was conducted during a state of emergency due to the COVID-19 pandemic. Our analysis was based on current agency operations, with an emphasis on the most recent fiscal year completed, FY2019-20, and the current fiscal year in progress, FY2020-21. The report does not account for the changes that have occurred and will occur from the unanticipated disruption caused by the pandemic. Beginning in March 2020, when the state of emergency was declared in Ohio, ODE had to quickly shift its focus to meet the needs of educational institutions around the State. With students and staff going back to school this fall, ODE had to implement new initiatives and suspend some that were ongoing to meet the needs of our current environment.

¹ ORC §117.46

² Performance audits are conducted in compliance with Generally Accepted Government Auditing Standards, see [Appendix A](#) for more complete scope and objectives information.

Ohio Department of Education

Public education in Ohio is governed through a series of laws in Title 33 of the Ohio Revised Code (ORC). These laws provide guidance on a variety of topics including state funding, academic standards, and teacher licensing requirements. Founded in 1834, ODE is tasked with overseeing the vast public education system in Ohio, under the governance of the State Board of Education (the Board).³ There are 19 members on the Board: 11 that are elected by citizens of Ohio and 8 that are appointed by the Governor. ODE is led by the Superintendent of Public Instruction, who is appointed by the Board⁴ and is responsible for executing educational policies, orders, and directives of the Board and directs the work of all persons employed by ODE under rules and regulations adopted by the Board.⁵ As of June 2019, ODE had a staff of 609, of which 570 were full-time permanent employees.

Department Structure

The Department launched a five year strategic plan designed to ensure each student is challenged, prepared, and empowered for his or her future through an excellent education. As a part of this plan, ODE restructured its operations into four key operational centers. These centers include:

- The Center for Student Supports,
- The Center for Continuous Improvement,
- The Center for Performance and Impact, and
- The Center for Teaching, Leading, and Learning.

Each of these Centers works together to ensure that the common goals and mission of ODE are being met.

Outside of those four centers, ODE also employs superintendent support staff and the Strategy Office. Superintendent support staff consists of Field Relations, Legal, Policy, and Legislative Affairs. The Strategy Office consists of Information Technology, Communications, and Operations. Each of these sectors works together to meet the needs of the Department. Between the four centers and the support staff, ODE is able to work collaboratively with school districts and other Local Education Agencies (LEAs) throughout the state and provide the needed information, support, and supervision to staff and students within those districts.

³ The State Board of Education is a public body as defined in ORC §121.22, comprised of elected and appointed officials as identified in ORC §3301.01 and each serve four year terms. ORC §3301.02.

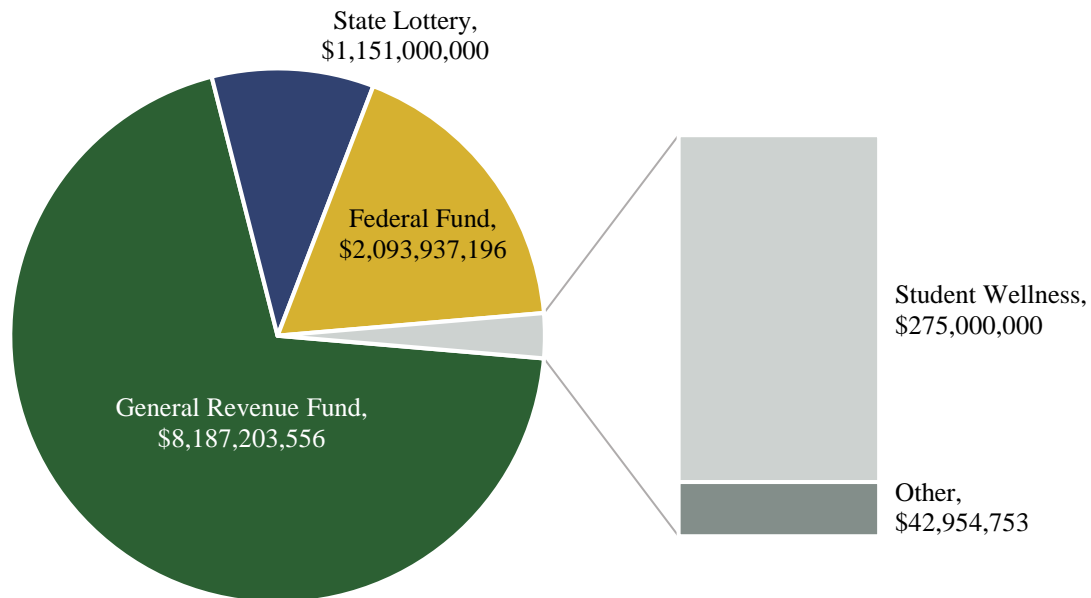
⁴ ORC §3301.08

⁵ ORC §3301.11, additional duties of the Superintendent are identified in §3301.12.

Department Finances

In FY 2020, ODE had a budget appropriation of approximately \$11.75 billion. Nearly 80 percent of these funds came from state sources including a General Revenue Fund allocation and through State lottery profits.⁶⁷ Approximately 98 percent of ODE’s annual budget is passed on to LEAs, such as local school districts and community schools, primarily through state foundation funding.

ODE FY20 Revenue Sources



Source: ODE

In addition to traditional school districts, funding is also allocated to educational service centers (ESCs). ESCs receive state funding to provide support to other education agencies for basic operations and to assist in ensuring compliance with statutorily mandated services. The overall funding allocated per year from the State for all ESCs is approximately \$64 million. OPT previously conducted an operational study of the ESC system in Ohio which can be found here: [ESC Operational Study](#).

ODE also assists in funding the 700 nonpublic schools in the state for costs related to the College Credit Plus and auxiliary services. For both FY 2020 and FY 2021, nonpublic schools were allocated nearly \$155 million, with the bulk of funding going towards auxiliary services. These funds can be used to assist in purchasing textbooks and equipment, as well as services such as

⁶ Pursuant to Ohio Const. Article XV, Section 6, ORC §3770.06(B) creates the Lottery Profits Education Fund which is to be used for the support of elementary, secondary, vocational, and special education programs as determined in appropriations by the General Assembly. In FY 2020, this appropriation was approximately \$1.15 billion.

⁷ In addition to funds appropriated by the General Assembly for the Department of Education, ODE administers two Revenue Distribution Fund line items allocated to local school districts.

counseling and security. Nonpublic schools that do not have a religious affiliation may opt to receive funds directly from ODE.

Department Operations

While 98 percent of ODE’s budget is not retained by the Department and is passed through to LEAs, the agency has a number of other significant functional areas including:

- **Data Collection:** The Department collects, verifies, and analyzes critical school fiscal and performance data through the Educational Management Information System (EMIS). This information is used to make decisions relating to funding levels based on the need of individual LEAs;
- **Student Assessments:** Statewide student assessments are required by law and these exams are developed and implemented by ODE in order to ensure uniformity and fairness;
- **Ohio School Report Cards:** ODE issues annual report cards for traditional school districts, as well as community schools and career-technical planning districts, that provide several performance related scores that allow for a basis of comparison across the state;
- **Professional Development:** In order to ensure teachers and administrators remain up-to-date, ODE coordinates professional development opportunities across the state; and,
- **Licensing Services:** ODE is responsible for the licensure of teachers, administrators, treasurers, superintendents, and other educational personnel.

While not a comprehensive list, these areas show the variety of operations ODE is involved in on a regular basis. As part of the performance audit, OPT worked with Department leadership to identify areas for review which would later result in recommendations to assist ODE in improving overall operations and further fulfilling its mission of providing quality education to students across the State. Part of the Department’s goals are to ensure education in Ohio fits the needs of its citizens and remains in line with industry standards and leading practices.

Audit Overview

In collaboration with the Department, OPT identified five areas for review within this performance audit. These scope areas were determined based on a variety of factors including ODE’s operational goals:

- **Student Success:** Identifying various factors which may impact student performance;
- **Student Assessments:** Reviewing the development and implementation of ODE administered statewide assessments;
- **EMIS:** Determining opportunities for improved data collection efforts;
- **Foundation Funding:** Understanding the foundation funding process and determining ways to expedite final payments; and,
- **Information Technology:** Clarifying operational needs and best practices.

Our audit concluded that, in the areas we examined, the Department is generally operating efficiently and effectively. We identified eight recommendations which will assist ODE in continuing to provide critical education services to Ohioans. While these recommendations do not have a financial implication associated with them in regards to potential cost savings, they will assist the Department in improving operational effectiveness and customer satisfaction.

Summary of Recommendations

- **Recommendation 1.1:** Monitor districts the Department deems to be high performing or high improving, particularly those that achieve results at lower-than-average expenditure levels in order to determine how other districts might achieve more cost-effective outcomes. This information can be used to assist other districts in areas of strategic spending; program utilization; and resource allocation.
- **Recommendation 1.2:** Collect sufficient business intelligence to make quantitative determinations of program success and failure. SMART criteria is one such framework that could help guide consistent development and help to ensure that results are specific, measurable, attainable, reasonable, and timely.
- **Recommendation 2.1:** Better communicate to stakeholders the state and federal testing requirements associated with specific standardized tests.
- **Recommendation 2.1:** Identify and collect available data from the practice test website to use in future decision making.
- **Recommendation 3.1:** Make strategic improvements to its internal processes involving EMIS to enhance user experience and ensure user needs are met.
- **Recommendation 4.1:** Implement strategic changes to internal processes in order to finalize school foundation funding prior to November 30th of each year.
- **Recommendation 5.1:** Develop an IT strategic plan aligned with the Department's strategic plan that contains project prioritization and encourages portfolio management.
- **Recommendation 5.2:** Develop a cloud migration strategy that establishes funding sources and prioritizes migration based on business use case justification. This strategy should be included in an IT strategic plan.

Noteworthy Accomplishments

In addition to the eight recommendations, our audit identified two noteworthy accomplishments, one of which is in regards to how the Department manages IT projects. This is found in **Section 5: Information Technology**.

Project Implementation Team

During the course of our audit we identified a project implementation team which was created by Department leadership. ODE identified a need to develop a group that would be responsible for project implementation and ensuring coordination on and among projects. The team consists of four employees who are focused on project work across the Department, focusing on three major areas:

- **Grant Processing:** Ensuring a timely, accurate, and complete process for grant application, management, distribution, and completion;
- **Rules Review:** Conducting regular five-year rule reviews of Administrative code, which is required by law; and,
- **Internal Office Projects:** Managing Department projects including large budget projects and those which are initiated by the General Assembly.

The team has had an identified impact in a variety of areas, particularly by improving the grant process, establishing agency-wide policies and procedures, and by holding projects accountable to timelines and budgets.

The Project Management Institute (PMI) identifies nine elements that are considered best practices for project success. These elements include defined life cycles and milestones, stable requirements and scope, tracking and variance analysis, escalation and issue management, and work authorization and change control.

The project implementation team has been in place at ODE for several years and is meeting the criteria and best practices set by PMI. This team has assisted the Department in making the organization more efficient and effective in regards to project management and implementation.

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally Accepted Government Auditing Standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. 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.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of City's operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer States;
- Industry Standards;
- Leading Practices;
- Federal and State statutes; and
- Policies and Procedures.

Audit Scope and Objectives

In order to provide the City with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Student Success	
What opportunities exist to increase student achievement by modeling practices used by consistently high performing traditional school districts and implementation of ODE improvement initiatives?	R1.1
What opportunities exist for ODE to use the continuous improvement school district reviews to increase student outcomes and achievement?	R1.2
Student Assessments	
What opportunities exist to improve the efficiency and effectiveness of student assessment implementation in relation to industry standards and/or leading practices?	R2.1
What opportunities exist to improve the efficiency and effectiveness of assessment development process in relation to industry standards and/or leading practices?	R2.2
EMIS	
What opportunities exist to improve the accuracy, efficiency, and effectiveness of the data generated by EMIS?	R3.1
Foundation Funding	
What opportunities exist to improve the efficiency and effectiveness of the foundation payment process, particularly the final payment adjustments?	R4.1
Information Technology	
What opportunities exist to improve the efficiency and effectiveness of IT governance in relation to industry standards and/or leading practices?	R5.1
What opportunities exist to improve the efficiency and effectiveness of staffing levels in the IT program office in relation to industry standards and/or leading practices?	R5.1
What opportunities exist to improve the efficiency and effectiveness of cloud migration in relation to industry standards and/or leading practices?	R5.2

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and

objectives. The following internal control components and underlying principles were relevant to our audit objectives⁸:

- Control environment
 - We assessed the Department’s exercise of oversight responsibilities in regards to managing and monitoring selected programs.
- Information and Communication
 - We considered the ODEs use of quality information in relation to district funding, student assessments, and foundation payments.
 - We considered ODE’s communication practices to stakeholders in selected areas.
- Control Activities
 - We considered the ODE’s compliance with applicable laws and contracts.

⁸ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G