

Report on the

**Department of Education
State of Alabama
Montgomery, Alabama**

October 1, 2013 through September 30, 2019

Filed: June 24, 2022



**Department of
Examiners of Public Accounts**

**401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
P.O. Box 302251
Montgomery, Alabama 36130-2251
Website: www.examiners.alabama.gov**

Rachel Laurie Riddle, Chief Examiner



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Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Department of Education, Montgomery, Alabama, for the period October 1, 2013 through September 30, 2019. Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Elaine Sankey'. The signature is written in a cursive style.

Elaine Sankey
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

EXAMINER'S SUMMARY

**Department of Education
October 1, 2013 through September 30, 2019**

PURPOSE AND SCOPE OF EXAMINATION

This report presents the results of an examination of the Department of Education (the "Department") and a review of compliance by the Department with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12. The examination was performed to determine whether the public officers, agents, and employees of the Department properly and lawfully accounted for all money and other public assets, or resources received, disbursed, or in the custody of the Department.

This examination included procedures to determine whether the Department complied with the state laws and regulation that pertain to its financial transaction; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. The Department's internal control policies and procedures relating to the areas listed above were also reviewed; however, this examination did not encompass managerial and operational matters, such as whether the Department accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

The mission and purpose of the Department is described in the accompanying [Agency Overview](#).

RESULTS OF THE EXAMINATION

Nonconsumable personal property in the custody of the Department was compared with the property records maintained by the Property Inventory Control Division of the State Auditor's Office, as required by the *Code of Alabama 1975*, Section 36-16-9. No discrepancies were noted.

Findings

The following instances of noncompliance with State laws and regulations and other matters were found during the examination, as shown on the Schedule of State Legal Compliance and Other Findings and they are summarized below.

- ◆ **2019-001**: Professional services contracts were improperly coded and were not submitted to the Legislative Contract Review Oversight Committee.
- ◆ **2019-002**: The Department did not provide supporting documentation for one of its contracts and did not submit required reports to the appropriate parties.

EXIT CONFERENCE

An exit conference was held on May 16, 2022. Individuals in attendance were: Dr. Eric Mackey, Superintendent; Dr. Brandon Payne, Deputy State Superintendent; Angela Martin, Deputy State Superintendent, Division of Instruction; Jason Swann, General Counsel; and Ms. Lynn Show, Accounting Director along with Sandra Dawson-Charles, Lois Brown and Elaine Sankey from the Department of Examiners of Public Accounts.



Department of **Examiners of Public Accounts**

AGENCY OVERVIEW

**Department of Education
October 1, 2013 through September 30, 2019**

The Department of Education (the “Department”) operates under the authority of the *Code of Alabama 1975*, Title 16. The Department executes educational policies for public schools in the State as authorized by law and determined by the State Board of Education. The Board Members and Officials in charge of governance of the Department are shown on [Exhibit 1](#). Functions of the State Board of Education are carried out through the State Superintendent of Education and the personnel of the Department, whom the Superintendent directs. Additional information on the Department of Education can be found on their website at www.alabamaachieves.org.

*Schedule of State Legal
Compliance and Other Findings*

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2019

Ref. No.	Finding/Noncompliance
2019-001	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 29-2-41, requires each state department entering a contract for personal or professional services with private entities or individuals to be paid out of appropriated funds, federal or state, to submit the contract to the Legislative Contract Review Oversight Committee. Each contract shall be accompanied by an itemization of the total costs estimate of the contract. The department may, in lieu of the proposed contract, submit to the committee a letter of intent to contract. Such letter of intent to contract shall indicate the contracting parties, the services to be performed, an itemization of the total cost estimate of the contract, and such other information the department may deem pertinent to the committee review of the contracts. The Alabama State Department of Education entered into thirteen contracts that were classified as grants and benefits. When reviewing the contracts it was determined that the contracts were for professional services. The Alabama State Department of Education’s improper classification of personal and professional services contracts as grants and benefits led to the contract and/or letters of intent to contract not being submitted to the Legislative Contract Review Oversight Committee. As a result, the Legislative Contract Review Oversight Committee did not have an opportunity to evaluate the contacts.</p> <p><u>Recommendation:</u> The Department should submit contracts for personal and professional services, with private entities or individuals to be paid out of appropriated funds, to the Legislative Contract Review Oversight Committee pursuant to the <i>Code of Alabama 1975</i>, Section 29-2-41.</p>
2019-002	<p><u>Finding:</u> The Alabama State Department of Education receives appropriation funding from the Education Trust Fund (ETF). The 2019 fiscal year ETF Appropriation Act (the “Act”) became effective October 1, 2018. The purpose of the Act was to make appropriations for the support, maintenance, and development of public education in Alabama, for debt service, and for capital outlay for the fiscal year ending September 30, 2019.</p> <p>Section 15(a) of the Act states “the At-Risk and High Hopes appropriation made to the State Department of Education shall be expended as follows: 50% shall be at the discretion of the State Superintendent of Education and 50% shall be awarded in the form of grants to school systems/entities for activities or programs designed to enhance outcomes for At-Risk Students.” The Act also states, “funds should be awarded on a per-pupil basis, with no more than ten percent of the grant award going toward personnel costs.”</p>

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2019

Ref. No.	Finding/Noncompliance
	<p><u>Finding Continued:</u></p> <p>Additionally, Section 15(c) of the Act states “upon awarding of any grant funds, the Alabama State Department of Education must submit a report to the Chairs of the House Ways and Means-Education Committee and the Senate Committee on Finance Taxation-Education and the Director of the Legislative Services Agency, that shall indicate the grant-recipient districts and each district's plan for those funds. Those districts shall submit follow-up reports indicating the results of those plans from the previous school year by July 31, 2019.”</p> <p>Lastly, Section 16 of the Act states the reports required to be filed by the first day of the 2019 Regular Session by the various entities enumerated in Section 3 of this act shall include the following information: (1) A detailed breakdown of the proposed expenditures of the Education Trust Fund appropriation for fiscal year 2019. (2) An explanation and analysis of the educational benefits to be provided by the program funded by the Education Trust Fund appropriation. (3) The number of people directly served by the program funding by the Education Trust Fund.</p> <p>We reviewed contracts to determine whether those paid with At-Risk and High Hopes appropriation funds were in compliance with the requirements specified in the Act. During our review, the State Department of Education did not provide adequate supporting documentation for one contract. As a result of not being able to review the supporting documentation for the contract, we were unable to determine if all parties adhered to all of the requirements specified in the Act, specifically, the requirements that grants be awarded on a per-pupil basis with no more than ten percent of the grant award going towards personnel costs.</p> <p>Furthermore, the State Department of Education did not provide information that documented all of the required reports noted in Section 15(c) and 16 of the Act were submitted. As a result, the data which would have been included in the various reports was not made available to interested parties.</p> <p><u>Recommendation:</u></p> <p>The Department should ensure adequate documentation is maintained for all contracts and that all required by the Education Trust Fund Appropriation Act are submitted.</p>

Other Information

Board Members and Officials
October 1, 2013 through September 30, 2019

Board Members		Term Expires
Hon. Kay Ivey, Governor	President	2023
Hon. Robert Bentley, Governor	President	2017
Hon. Jackie Zeigler, (District 1)	Vice-President	2021
Hon. Matthew Brown, (District 1)	Member	2017
Hon. Al Thompson, (District 1)	Member	2015
Hon. Tracy Roberts, (District 1)	Member	2014
Hon. Tracie West, (District 2)	Member	2023
Hon. Betty Peters, (District 2)	Member	2019
Hon. Stephanie W. Bell, (District 3)	Member	2021
Hon. Yvette Richardson, Ed.D., (District 4)	President Pro Tem	2023
Hon. Ella B. Bell, (District 5)	Member	(Deceased)
Hon. Cynthia McCarty, Ph.D., (District 6)	Member	2023
Hon. Charles Elliott, Ph.D., (District 6)	Member	2015
Hon. Jeff Newman, (District 7)	Member	2021
Hon. Wayne Reynolds, Ed.D., (District 8)	Member	2023
Hon. Mary Scott Hunter, (District 8)	Member	2019

Board Members and Officials
October 1, 2013 through September 30, 2019

Officials		Term Expires
Eric G. Mackey, Ed.D.	State Superintendent Department of Education Room 5114 Gordon Persons Building Montgomery, AL 36130 (334) 694-4900 www.alabamaachievers.org	
Ed Richardson, Ed.D.	State Superintendent	2018
Michael Sentance	State Superintendent	2017
Philip Cleveland, Ed.D.	State Superintendent	2016
Thomas Bice, Ed.D.	State Superintendent	2016