

Agency Name	Department of Education
Audit Name	Internal Control Over Adequate Education Aid Calculations, November 2013
Audit Period	Fiscal Year 2013
Status Report Date	6/2/2023

Summary of Audit Observations/Findings					
Number	Observation Title	Status [place X in status column]			
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved
1	<i>Internal Controls Over Adequate Education Aid Calculations Should Be Strengthened</i>				X
2	<i>Adequate Education Aid Processes Should Be Documented In Policies And Procedures</i>				X
3	<i>Policies And Procedures For Reviewing And Clearing School-Submitted Data For Anomalies Should Be Established</i>				X
4	<i>Differentiated Aid Should Be Accounted For And Reported In Compliance With Statute</i>				
5	<i>Apparent Conflicts In Statutes Should Be Resolved</i>				X

Observation 1: Internal Controls Over Adequate Education Aid Calculations Should Be Strengthened

Summary of Finding: *The LBA recommended NHED: 1) establish and fully document its policies and procedures for all processes affecting its Aid calculations, 2) establish additional data verification controls to reasonably ensure that information provided by school is accurate, 3) establish controls to ensure school districts are submitting required reports, 4) improve controls over information technology systems used to identify student data and calculate aid, 5) establish review and approval controls for critical aspects of its calculation of aid, and 6) retain full control and authority over its operation of the aid data and calculation and not overly depend on consultants.*

Current Status: *Fully Resolved. As of June 2023, NHED has a well-documented adequacy process. However, due to changes in State law and data system processes, NHED struggles to always keep these documents current. These documents describe NHED's: data validation and independent data reconciliation process, information technology systems being utilized, multiple reviews of calculations, and includes roles and responsibilities. Areas needing improvement include keeping policy and procedures documents current with changing policies, practices, and operations*

Observation 2: Adequate Education Aid Processes Should Be Documented In Policies and Procedures

Summary of Finding: *The LBA recommended NHED have detailed, documented policies and procedures describing the processes for calculating and distributing aid.*

Current Status: *Fully Resolved. As mentioned in the status for observation No. 1, NHED has made substantial progress in documenting all details connected to the adequacy process. However, the documents lag behind due to frequent changes in State law and State operations.*

Observation 3: Policies and Procedures for Reviewing And Clearing School-Submitted Data For Anomalies Should Be Established

Summary of Finding: *The LBA recommended NHED have detailed policies and procedures to support processes involving data validation and aid recalculations.*

Current Status: *Fully Resolved. As mentioned in the status for observation No. 1, NHED has made substantial progress in documenting all details connected to the adequacy process, including data validation. However, the documents lag behind due to frequent changes in State law and State operations.*

Observation 4: Differential Aid Should Be Accounted For And Reported In Compliance With Statute

Summary of Finding: *The LBA recommended NHED should establish appropriate policies and procedures to ensure that differentiated aid is accounted for and reported as required by statute.*

Current Status: *Fully resolved. The statute referenced in the LBA's observation has been repealed.*

Observation 5: Apparent Conflicts In Statutes Should Be Resolved

Summary of Finding: *The LBA recommended NHED should request legislation affecting the adequacy calculation and eliminate apparent conflicts and revise or eliminate outdated references as appropriate.*

Current Status: *Fully resolved. All conflicts identified by the LBA and NHED relative to adequacy have been fixed legislatively.*