Appendices

Appendix A
Audit Methodology

To gain an understanding of the activities of Nevada school districts related to instructional costs and the availability of materials we interviewed management and staff in each of the 17 school districts. We also held discussions with staff at the Department of Education, the Budget Division of the Department of Administration, and the Fiscal Analysis Division of the Legislative Counsel Bureau. We reviewed laws and regulations, policies and procedures, and minutes of legislative committee meetings. We also reviewed each district's audited financial statements.

Assembly Bill 241 required the audit to include an assessment of a representative number of public schools throughout the State, with at least one public school in each school district included in the assessment. Testimony on AB 241 indicated a sample size of 45 schools, or approximately 10% of the state's schools, would be considered representative. Using a September 1999 statewide listing of schools provided by the Department of Education, we identified a population of 432 schools from which we selected a random sample of 45 schools. Excluded from the population were alternative schools, charter schools, special education schools, schools for adult education, and new schools opening in the 1999/2000 school year. We also excluded from our sample schools with an enrollment of less than 30 students because they would generally not be representative of schools throughout the State. Although our sample was selected in a manner that can be expected to be representative of the population, it does not meet the requirements for a statistical sample. See Appendix B for a list of the schools selected.

To determine the revenue budgeted for and the expenditure levels of instructional costs not related to personnel, including the amount expended for textbooks, instructional supplies, library books, and instructional software, we performed the following procedures. First, we identified the amount funded through the Nevada Plan in each of these areas through examination of appropriation worksheets related to
the State Distributive School Account. We then calculated the per-pupil amount of district expenditures in each of these areas based on information in the Department of Education's Annual Report. To verify the reliability of the information in the Department's report, we traced total operating expenditures from the report to each district's audited financial statements. We also requested each district to provide specific information on budgets and expenditures. We then examined accounting and budgetary records at each district and tested a sample of expenditure transactions. This test consisted of examining 239 expenditure transactions statewide for appropriate accounting treatment and reporting.

To determine the number of students enrolled in each subject area and the number of textbooks available, we distributed questionnaires to teachers at each school in our sample. The questionnaires requested information on the number of students and textbooks in each classroom, and the number of special education students and textbooks available for their use. We then performed verification procedures on the information provided by the teachers. We used the Department of Education's documentation of the State Textbook Adoption Cycle to identify applicable subject areas. The subject areas were Language Arts, Foreign Language, Health, Mathematics, Science, and Social Studies.

To determine the amount of money requested of parents of pupils who are enrolled in elementary school to purchase instructional supplies, we used the teacher questionnaires. The questionnaires requested information about the amount of money and supplies teachers requested of parents, and the amount teachers spent on supplies from their personal funds. To verify the information regarding amounts requested of parents we obtained copies of the requests sent by teachers, when available. We did not verify amounts reported by teachers for supplies purchased with their own funds.

All questionnaires are vulnerable to some nonsampling errors, including measurement errors caused by respondent misinterpretation of the questions or errors resulting from a lack of response. However, we took several steps to minimize the effect of potential errors. For example, we visited each of the schools in our sample and selected teachers to verify the information they had reported. We examined teacher's responses for extreme values and checked the data for errors in logic, and when
necessary clarified the response with the teacher. To verify the number of students, we checked teachers' grade books or attendance records. To verify the number of textbooks reported we discussed with teachers the methods used in counting textbooks, and in most instances performed a count of textbooks available at the time of our visit. In cases where teachers had reported numbers incorrectly, we corrected the data. We sent out a total of 1,360 questionnaires to teachers and received 1,351 responses. Of those, we performed additional verification procedures on 610 questionnaires.

As part of our audit we also evaluated the process for adopting textbooks in the State. We gained an understanding of the process through discussions with Department of Education and school district officials. We then examined documents at the Department and school districts to determine if the State Board of Education approved textbooks being purchased and used by districts. In addition, we reviewed the methods used by the Department to determine school districts' compliance with statutes and regulations relating to the use and replacement of textbooks.

At the conclusion of our audit procedures we sent letters to each superintendent describing the results of our audit applicable to their district. We requested they review the items in the letter to help ensure the accuracy of the data and a complete understanding of the information presented. We encouraged the superintendents to provide their comments or concerns regarding the information. In some cases, meetings or telephone conversations were held to discuss and clarify items in the letters.

Our audit work was conducted from July 1999 to September 2000, in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Superintendent of Public Instruction. On November 9, 2000, we met with the Superintendent of Public Instruction and officials from the Department of Education to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix I, which begins on page 52.
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