

## AUDIT PROPOSAL

### Evaluating Adult Virtual School Funding

#### SOURCE

This audit proposal was requested by Representative Sean Tarwater.

#### BACKGROUND

School districts receive funding for adult students who are trying to earn their high school diploma through a virtual program. State law provides \$709 per passed credit for students who are 20 years old or older. State law provides funding for up to 6 credits per student per year. To receive the funding districts must report the number of credits per student to the Kansas Department of Education (KSDE). KSDE then audits the credits each year by comparing the credits the district reported to students' official transcripts. If the department determines that a credit should not have been paid, the amount is backed out of the district's funding in the next year. In the 2022 school year, the state provided a little more than \$4 million for about 5,700 credits. However, in 2023, KSDE determined that about 900 of those credits did not qualify for funding and adjusted funding by \$636,000.

Legislators have expressed concern that districts may incorrectly submit credits for funding and that KSDE's audit process may be inconsistent.

#### AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

*The audit objectives listed below are the questions we would answer through our audit work. The steps listed for the objectives convey the type of work we would do. These may change as we learn more about the audit issues.*

**Objective 1: Did the credits that adult virtual schools submitted for funding in the last few years comply with state funding rules?** Our tentative methodology would include the following:

- Review state law and other documents to understand which adult virtual school credits are eligible for state funding.
- Work with KSDE officials to understand how many credits were submitted in the last few school years, how many credits KSDE auditors rejected, and the reasons why.
- For a selection of 5 districts in each year, work with district officials to understand their process for submitting adult virtual school credits. Additionally, review what credits they submitted for funding and any supporting documentation to determine whether those credits met statutory criteria for funding.
- For credits that did not comply with state law, talk with district officials about why they submitted them.

**Objective 2: Is KSDE's process for auditing adult virtual school credits adequate for ensuring that funded credits comply with state law and consistent across districts?** Our tentative methodology would include the following:

- Work with KSDE officials to understand the process they've used in the last few years to audit adult virtual school credits. This would include identifying any substantial changes to the process over that time frame.
- Evaluate whether KSDE's audit process ensures that credits approved for funding comply with state law. Talk with KSDE auditors to understand the reason for any problems we find with the process.
- For the districts we chose in objective 1, review the results to determine whether KSDE's process consistently and correctly identified whether credits complied with state law. This would involve comparing our compliance results to KSDE's audit results. If we find significant differences, talk with KSDE auditors about why there are differences.

#### **ESTIMATED RESOURCES**

We estimate this audit would require a team of **4 auditors** for a total of **4 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).