



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

To: Rep. Janet Ancel, Chair, House Committee on Ways & Means
Rep. Kathryn Webb, Chair, House Committee on Education
From: Doug Hoffer, State Auditor
Re: S.287
Date: 8 April 2022

Good morning, Representatives Ancel and Webb. Thank you for inviting me to discuss the audit provisions of S.287. As promised, I offer my thoughts in writing. I hope this is helpful.

Sec. 14(a)(1)(A) – Audit to measure “whether, and the extent to which, each of the act’s five goals under Sec. 2 of this act have been met.”

Selection of measures to assess whether goals are met is a management function. Involvement of SAO could create independence issues under Generally Accepted Government Auditing Standards.

Recommendation: Amend the Act to require that within one year of establishment of the Education Advisory Committee, it shall establish metrics to measure performance toward each goal subject to Legislative approval. In addition:

- Charge the Agency of Education with collecting and reporting on the agreed upon metrics.
- Require that a **baseline year** be established, metrics selected by the committee be calculated in the baseline year, and that underlying data be maintained.
- Specify that data be gathered in each year subsequent to the baseline so that the measures may be calculated.

Sec. 14(a)(1)(B) - “if a goal has not been met, [the audit should explain] the reasons why...”

The assumption that more money is likely to result in better performance is not unreasonable. However, there are so many factors that influence student performance that this could be a fool’s errand. For example, while some schools may receive additional resources, the money could be used for very different purposes, which could have disparate impacts on performance.

Recommendation: Consider removing the requirement that the audit explain the causes of certain outcomes.

Sec. 14(a)(1)(C) – Fiscal Impact: The audit should determine “the fiscal impact of the act, including the cost of implementation.”

This seems like a job for JFO and the Agency rather than being an audit objective.

Recommendation: Consider assigning these tasks to JFO and the Agency.

Sec. 14(a)(2) - Statement of Work – “the Auditor, the Agency of Education, and the Education Fund Advisory Committee...shall jointly agree to the statement of work for the audit...”

First, the Auditor may not agree with the Agency of Education and the Advisory Committee on the statement of work. Second, the Auditor needs the authority to change our scope of work during the audit if we deem it necessary, otherwise it could result in a modified GAGAS statement.

Recommendation: Auditor to develop scope of work, consult with the Agency of Education and Education Fund Advisory Committee, and provide it to the Legislature.

Sec. 14(b) – Scope: Two of the four fiscal years to be covered by the audit (FY25 – FY26) include a transition calculation that will use – or blend - the current approach to calculating the equalized pupils with the new approach. This is fine for transitioning the calculation, but it is not optimal for an audit.

Recommendation: Remove these two years from the audit scope and defer the audit until 12/31/31 (audit to cover FY27 to FY30).

Sec. 14(b) – Contractor: The Auditor may not hire a contractor that has “consulted on, or contracted to provide services in relation to, the Pupil Weighting Factors Report dated December 24, 2019, or the Report Prepared in Accordance with Act No. 59 of the 2021 Legislative Session dated December 17, 2021.”

Since the Auditor was not involved in the work done to date and has had no relationship with those previously engaged, there would be no risk of compromising our independence if they were hired. In addition, a rigorous inhouse process to identify qualified contractors would alert the Auditor’s staff to any legitimate concerns about the objectivity and professionalism of interested parties. Finally, the work requested here must meet GAGAS standards (with the Auditor’s approval if done by consultants) so findings and conclusions must meet our [professional standards](#), especially the need for sufficient and appropriate evidence.

Recommendation: Remove the language that restricts the Auditor’s authority to hire whoever is deemed the best choice (experienced & cost).