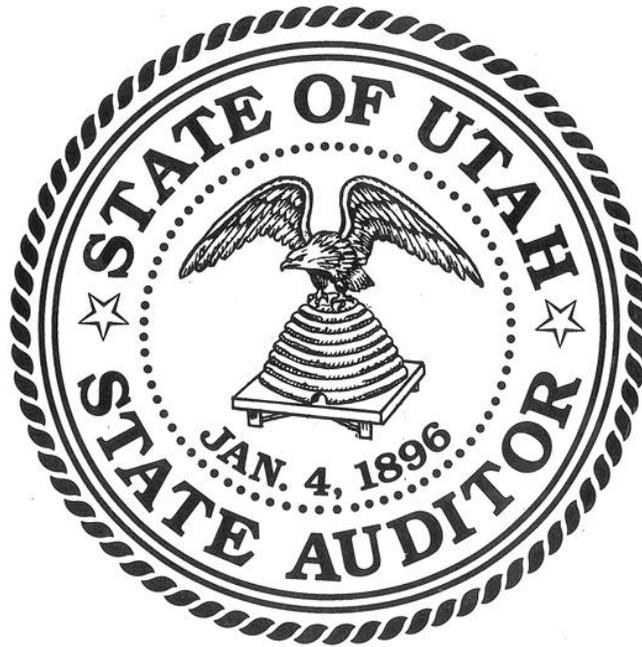


OFFICE OF EDUCATION

Minimum School Program

Report on Audit Procedures Related to
Statutory Distributions for Fiscal Year 2014 and
Projections for Fiscal Year 2016
with Related Finding

Report No. 14-39



OFFICE OF THE
UTAH STATE AUDITOR

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AUDIT LEADERSHIP:

Jon T. Johnson, CPA, Audit Director
Jolene Cooley, Audit Senior



OFFICE OF THE
UTAH STATE AUDITOR

March 4, 2015

To the Members of the Utah State Board of Education and Audit Committee
and
Brad C. Smith, State Superintendent of Public Instruction
Utah State Office of Education

We have performed a review of the application of Minimum School Program (MSP) statutory distribution formulas and allocations to school districts and charter schools. The procedures described below were applied to certain aspects of compliance for the MSP FY14 Final Report and the MSP FY16 Legislative Budget Projections. We performed the following procedures at the Utah State Office of Education for a sample of school districts and charter schools:

1. We reviewed the MSP FY14 Final Report for ten programs to ensure that the allocations to school districts and charter schools for each selected program were made in compliance with the related statute and did not exceed amounts allowable by law. The programs selected were as follows:
 - Grades K-12
 - Voted and Board Leeway
 - Educator Salary Adjustments
 - Career and Technical Education–District Add-on
 - Class Size Reduction
 - Enhancement for Accelerated Students
 - Youth-in-Custody
 - Title I Schools in Improvement-Paraeducators
 - Charter School Administrative Costs
 - Statewide Computer Adaptive Testing

2. We reviewed the MSP FY16 Legislative Budget Projections for four programs to ensure that the projections of the allocations to school districts and charter schools for each selected program were made in compliance with the related statute and were reasonable. The programs selected were as follows:
 - Grades K-12
 - Professional Staff
 - Special Education-Preschool
 - Special Education-State Programs

Our procedures were more limited than would be necessary to express an audit opinion on compliance. Accordingly, we do not express an opinion. Alternatively, we have identified the procedures we performed and the finding resulting from those procedures. Had we performed

additional procedures, other matters might have come to our attention that would have been reported to you.

One finding resulting from the above procedures is included with this report.

This report is a matter of public record and its distribution is not limited. By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciate the courtesy and assistance extended to us by the personnel of the Utah State Office of Education during the course of the review, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Jon T. Johnson". The signature is written in a cursive style with a long, sweeping underline.

Jon T. Johnson, CPA
Audit Director
801-538-1359
jonjohnson@utah.gov

cc: Bruce Williams, Associate Superintendent for Business Services, Utah State Office of Education
Natalie Grange, School Finance Director, Utah State Office of Education
Debbie Davis, Director of Internal Audit, Utah State Office of Education
Kristen Cox, Executive Director, Governor's Office of Management & Budget
Jonathan Ball, Director, Office of Legislative Fiscal Analyst

OFFICE OF EDUCATION
MINIMUM SCHOOL PROGRAM

FINDING RELATED TO
STATUTORY DISTRIBUTIONS FOR FISCAL YEAR 2014 AND
PROJECTIONS FOR FISCAL YEAR 2016

**CAREER AND TECHNICAL EDUCATION COMPREHENSIVE GUIDANCE
PROGRAM FUNDS NOT ALLOCATED APPROPRIATELY**

Utah Code 53A-17a-113(5) requires that of the money allocated to career and technical education (CTE) comprehensive guidance programs, \$1 million in grants shall be awarded to school districts or charter schools that provide an equal amount of matching funds and do not supplant other funds used for comprehensive guidance programs.

In our review of the CTE allocations, we noted that the Utah State Office of Education (USOE) has not separately allocated the \$1 million in grants for comprehensive guidance programs as required in section 53A-17-a-113 part (5). All CTE funding was allocated in accordance with 53A-17a-113 parts (1)–(4) without considering the requirement of part (5). This noncompliance occurred because USOE had a misunderstanding about whether the funding in part (5) of the statute was intended to be one time or recurring. Based on our reading of the statute, it appears that the requirements of part (5) are still applicable.

Recommendation:

We recommend that USOE properly allocate comprehensive guidance funds according to *Utah Code 53-17-a-113(5)*. If the statute is deemed to be unclear, we recommend that the USOE work towards clarifying the statute through the legislative process.

USOE's Response:

The USOE is aware of this issue, but felt that our current allocation practice was in compliance with the law. Utah Code 53A-17a-113(5) actually states "Of the money allocated to comprehensive guidance programs pursuant to board rules, \$1,000,000 in grants shall be awarded to school districts or charter schools that provide an equal amount of matching funds and do not supplant other funds used for comprehensive guidance programs." Over ten years ago, the line item appropriation for the comprehensive guidance program was rolled into the CTE Add-on funding block. Based on our understanding, the Code allows the Board to make rules regarding the allocation of comprehensive guidance programs funding. Board Rule 277-462 outlines the comprehensive counseling and guidance program criteria and allocation methods. Presently, \$9,100,000 is allocated out to qualifying LEAs, which we feel provides a more substantial program than \$1,000,000 allocated over a possible 141 LEAs. The statutory language would only allow us to allocate approximately \$7,000 per LEA, which is not enough funding to sustain any type of program. We agree that 53A-17a-113(5) is unclear. The USOE will work with legislative staff to determine if our practices are in compliance with the intent of the statute, and request modification of statute, if necessary, in the 2016 legislative session

*Contact: Thalea Longhurst, State Director, Career, Technical & Adult Education,
801-538-7889*

Anticipated Correction Date: Fiscal year 2017