Office of
LEGISLATIVE AUDITOR GENERAL
State of Utah

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A Survey of Jordan School District's FY 2009 Purchases

At the request of the Audit Subcommittee, we have completed a survey of an allegation received anonymously concerning the Jordan School District's purchasing practices in the year prior to the district split. The concern was that during the final year, Jordan was building up the assets of their own westside schools. The purpose of this survey was to determine if a full audit should be conducted. Our conclusion is that further work is not needed.

Our survey did not identify any of the questionable purchasing practices referred to in the allegation. In fiscal year 2009, General Fund and Capital Project Fund expenditures for the two districts totaled more than $608 million. After narrowing expenditures to those that could be considered discretionary, we determined that total discretionary purchases were still over $55 million. Searching for a few, small denomination, questionable purchases without more information about the purchase or school location is extremely difficult.

There were reasonable controls over purchasing prior to the split.

There were reasonable controls over purchasing prior to the split. This conclusion was reached after examining the decisions of an arbitration panel, reviewing purchasing procedures, and interviewing personnel from both districts. During fiscal year 2009, three school boards governed the district—a board for the existing Jordan School District, and two new boards elected to provide oversight for the newly created districts. Each board was responsible for protecting the interests of its district, including approving purchases. Expenditures for each district were approved and accounted for separately.

Dividing the Jordan School District into two districts was a complex, costly, and controversial process. Transition teams representing each new district were unable to negotiate how assets should be allocated. Therefore, under Utah law, an impartial arbitration panel was empaneled to resolve disagreements between the transition teams and determine "the proper allocation of property between the districts" (***Utah Code*** 53A-2-118.1(4)(d)(i)).

A significant conclusion of the arbitration panel was that assets of existing schools and support buildings would be allocated to the district in which they were located without assigning a value to those assets. Discretionary funds would be allocated to each district based on student populations. Unless previously allocated for specific projects, fund balances were allocated based on enrollment—59 percent to the Jordan School District and 41 percent to the Canyons School District. The panel did not issue its conclusions until March 2009, but the district tracked expenditures prior to that date so that fund balances could be appropriately divided based on the arbitration panel's determination.

There was no incentive for employees in either district to covertly stockpile equipment because they were spending their own money.

We found no incentive for employees in either district to covertly stockpile equipment or make unnecessary improvements before the split because they were spending their own discretionary money. In addition, no one knew how each school's assets would be divided until the panel issued its determination toward the end of the school year. Staff from both districts felt that purchasing decisions were handled appropriately. Accountants from each district told us that after the year ended, they met and reviewed expenditures to make sure purchases had been accounted for correctly.

Given the controls that were in place and the lack of anyone coming forward with a contrary position, we believe no further work is necessary.